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Majlis Rejects Bani-Sadr; Official Orders His Arrest

By Barry May

TEHRAN - Iran's revolutionary prosecutor-general ordered the arrest of President Abolhassan Bani-Sadr on Sunday after the parfiament declared the president politically incompetent.

Prosecutor-General Ali Qod-dousi said in a statement broadcast to the nation that foreign re-ports of Mr. Bani-Sadr's flight from Iran were incorrect, and he called on the people to arrest the president if he were found. On Saturday, more than 20 people were killed in street fighting between groups supporting and opposed to

the president.

Mr. Bani-Sadr has not been seen in public since the revolutionary leader, Ayatollah Ruhollah Khomeini, dismissed him as commander-in-chief of the armed forces on June 10. That day, in his last public appearance, the president was returning to Tehran from a battle zone of the war with Iraq.

177 For, 1 Against

Mr. Ooddonsi said anyone sheltering or cooperating with Mr. Bani-Sadr would face prosecution. The overwhelming incompeten-cy vote in the Majlis (parliament) after two days of debate paved the way for Mr. Bani-Sadr's removal from the presidency by Ayatollah

Khomeini under Iran's Islamic constitution.

The vote was 177 against the president, one for him, and one formal abstention. Eleven deputies did not vote and Speaker Hashemi Rafsanjani said they would be con-sidered to have abstained.

Mr. Qoddousi's statement said the president faced prosecution in connection with "several problems including provocation of [political] groups to resist legal institutions and the Islamic republic, and encouraging prisoners to go on hun-ger strike."

The statement added: "He is summoned to the revolutionary prosecutor's office and we ask the whole nation to arrest him wherever they may see him and hand him over to the Komiteh [security centers] or Revolutionary Guards."

Western diplomatic sources in Turkey said Sunday that they be-lieved Mr. Bani-Sadr had left Iran and may have traveled through Turkey. There was no official confirmation of the report.

"We don't know where he has gone, but we believe he is no long-er in Iran," a senior diplomat said. The sources said they believed the president's most likely destination was France, where he spent many years in exile during the shah's

Turkish officials said the government's position bad not changed since Friday, when a Foreign Ministry spokesman said authorities had no knowledge of Mr. Bani-Sadr's whereabouts. The possibility of Mr. Bani-Sadr being in Turkey is a sensitive matter for Turkey, which has tried to maintain a balance in relations with

Tran and Iraq.

The result of the Majlis vote was relayed by loudspeaker to a crowd of about 10,000 outside the parliament building. It was greeted with cries of "God is great" and "Death to Bani-Sadr

Mr. Rafsanjani said in the Majlis earlier Sunday that the president was in hiding and movg from one house to another. Mr. Bani-Sadr's wife was arrested during street fighting Saturday over the issue of the president's

fate. She was questioned in Tehran's Evin Prison and later released, the state radio said. Tehran hospitals reported at least 24 persons killed in Saturday's clashes and more than 200 wounded. Most of the dead were men in their 20s who had been

shot, hospital officials said. The revolutionary presecutor's office announced that 15 "counterrevolutionaries" arrested in the street fighting had been condemnned to death by a revolution-



Abolhassan Bani-Sadr

ary court for creating disorders and were executed by firing squad in Evin Prison on Sunday morn-

Ayatollah Sadegh Khalkhali, the former roving judge who sent hun-dreds of people before firing squads after the 1979 revolution, said in the Majlis that 50 of what he termed the leftists responsible for Saturday's clashes must be shot by Sunday night.

"We will show them that we are the men of war and will dig their graves in the streets," be said. Ayatollah Khalkhali and Mr. Rafsanjani received a deafening

(Continued on Page 2, Col. 3)

French Socialists Wrap Up Full Control of Legislature

By Jonathan Kandell

tuonal Herald Tribune PARIS - The French Socialist Party emerged with a large majority of National Assembly seats in the final round of the legislative elections Sunday, giving President Francois Mutterrand the power to pass all of his leftics expense and pass all of his leftist economic and

political programs.
At 10 p.m. Paris time, the Ministry of Interior announced that the Socialists had won well over half of the legislative seats, with 41 races still not decided.

According to computer projections on state television, the Socialists will have about 290 seats in the 491-member National Assembly. The landslide means that Mr. Mitterrand and his Socialists will not be beholden to the Communist

Party either in the government or legislature. According to the vote projections, the Communists took only 43 legislative seats, or half of the 86 posts they bad in the last National Assembly, which had been under conservative control when President Mitterrand dissolved it after his own election last

The conservatives were transformed into a feeble minority. One state television computer forecast

gave them only 152 seats in the new National Assembly — 81 for the neo-Gaullists and 71 for the Giscardists. This will leave them impotent to block the major economic and political reforms that Mr. Mitterrand is proposing, in-cluding a revision of the tax base, the nationalization of the remaining private banks and up to 11 important industrial groups, and a decentralization of decision-making that would give more power to local regions and communities.

Conservatives Routed

The rout of the conservatives who had been in power for 23 years, began last month when Valery Giscard d'Estaing, the center-right incumbent president, was defeated by Mr. Mitterrand. In the first legislative election round on June 14, the left outdistanced center-right candidates by 56 to 43 percent. The conservatives took refuge in the high abstention rate of about 30 percent, which they blamed on their own dispirited

But in Sunday's runoffs, the lower abstention rate — estimated at about 24 percent — did not appear to have belped the conserva-

the legislative elections was only the second time this century that a single party had won such an ample majority. The Gaullists achieved a comparable margin in the National Assembly elections of 1968, when De Gaulle benefited from a large public backlasb against the worker-student revolt that year.

Lionel Jospin, the first secretary of the Socialist Party, hailed the election results as an "affirmation of the clear determination by French men and women for a new political course in the country. He promised that the Socialists would govern with "a spirit of tolerance" toward the conservative opposition, and would observe a respect for the ideas of others."

Failure Forecast

Speaking for the conservative camp, Jacques Chirac, the neo-Gaullist leader, predicted that the Socialist government's economic and political programs would soon fail. "I am sure that the French will then turn to us again," he said. And we will be able to respond to their expectations."

Taking a less rigid stance, anoth-

The stunning Socialist victory in canuet, a Giscardist, said "Our op-elegislative elections was only position will not be systematic, but neither will it be complacent.

The chief architect of the leftist surge to power this year was undoubtedly President Mitterrand, who until recently had been considered a 64-year-old political hasbeen with a losing image after two unsuccessful runs for the presiden-cy. But Mr. Mitterrand insisted that after a generation of conservative rule - and growing discontent with mounting unemployment and inflation — the country was ready

for another government.

The Socialist leader toned down the radical rhetoric of his previous campaigns, giving the impression that be was offering a center-left alternative. He maintained a tranquil, confident pose throughout the presidential race. As he predicted, his election produced a groundswell of support from the electorate who responded to his arguments that he would need a legslative majority to govern effec-

Mr. Mitterrand was also successful in the delicate task of winning over substantial numbers of Communist voters without attacking their party directly. Besides

(Continued on Page 2, Col. 6)

U.S. Said to Prepare 'New Policy' in Asia

By Bernard Gwertzman New York Times Service

WELLINGTON, New Zealand - U.S. Secretary of State Alexander M. Haig Jr. was reported on
SE Sunday to see "no urgency" in
the possible sale of Taiwan advanced jet lighters to Taiwan and to hope that the decision on whether to provide such equip-ment, strongly opposed by China, will be based solely on Taiwan's genuine defense needs and not on political grounds to balance possiware and ble arms sales to China.

In a briefing meant to outline the Reagan administration's new Asian policy, reporters traveling with Mr. Haig were told that in addition to the delicate problem of advancing relations with China while not undercutting Taiwan, there is a major and potentially difficult situation developing over Japan's refusal to spend as much on defense as urged by the Reagan administration.

Mr. Haig's position, as explained to reporters, is that even though be shares the Pentagon's PAE desire to see Japan take more of a role in its defense, there are limits to which the United States should CLE or can do in pressuring a friendly

In a meeting with Mr. Haig in Manila on Friday, Foreign Minis-ter Sunao Sonoda complained of SIFIED A Defense Department pressures on the spending quantities

International Power'

EASILY

ccount.

Single State

In his conversation with Mr. Sonoda, Mr. Haig told the Japanese official that the United States wanted Japan to be a truly international power so that it was "not an economic giant and a military pyg-my." On Sunday, however, reporters were told that "It serves no use-ful purpose to embarrace Told use-100 M. - 100 M. | leaders and play into the hands of their opponents.

As a result, an impression was created of differences in approach between the Defense and State Departments over the issue even

claims to speak with one voice.

The "new policy" that was outfined without direct attribution to Mr. Haig is meant to provide a framework for what he talked about and accomplished in his talks in Peking and Manila in recent days. He arrived in the New Zealand capital Sunday afternoon for a routine meeting with Australia and New Zealand on the Anzus

As outlined by Mr. Haig, the policy lays stress on American flexibility with a determination to combine political, economic and security aspects to promote American interests in Asia. There was no such statement of

policy issued before Mr. Haig left Washington for Asia and this was through the trip, in part to deflect the attention that they felt was being paid to the decision to allow Peking to become eligible for arms sales, even though no specific transaction has yet taken place.

Nevertheless, what the reporters were told of Mr. Haig's position on the Taiwan issue served to keep up interest in the subject. While in Peking, Mr. Haig had been told that if the United States went ahead with arms sales, particularly of the advanced lighter plane known as the "FX" this could have extremely serious consequences for American-Chinese policy.

The question "has to be dealt with in terms of need, it has to be dealt with in terms of the purpose to which it would serve," the reporters were told, "I see no urgen-cy on this subject at all."

In the discussion of the Asian policy, Taiwan was not mentioned, but it was described as a "rather impregnable aircraft carrier" in answer to questions, "in a vital sea

lane."
Several of Mr. Haig's aides have said in private that there is no military necessity for Taiwan to receive either of the two FX mod-(Continued on Page 2, Col.1)

countries will exercise their right

under a trigger clause tied to the U.S. contribution and withhold

their support, and the affiliate will

While the Republican-dominat-

ed Senate, following the White House endorsement, has voted the

full authorization of \$3.2 billion

for the development affiliate, the Democratic-led House Banking

and Currency Committee has cut

for even the truncated bill among

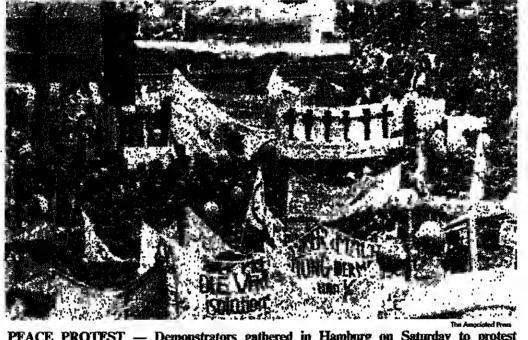
Republicans or Democrats in ei-

ther house, the funds may be ex-

cluded from the reconciliation bill

Because there is little support

the authorization to \$1.9 billion.



NATO's plans to deploy new nuclear missiles in West Germany. Police estimated that at least 60,000 people, many attending the national Protestant congress, took part in the rally.

Haig Says Better Relations With Hanoi Tied to Pullout of Troops in Cambodia

By Don Oberdorfer and William Branigin

Washington Post Service MANILA — U.S. Secretary of State Alexander M. Haig Jr. told the foreign ministers of non-Com-munist Asia here that the United States will not improve relations and pobtical pressures as long as Vietnamese troops occupy Cambo-

Spelling out a tough U.S. policy, Mr. Haig on Saturday also called for concerted international political, diplomatic and economic efforts to deal with the Vietnamese refugee problem at its source. Mr. Haig did not refer to military presby Assistant Secretary of State John H. Holdridge.

Mr. Haig told the 14th foreign ministers meeting of the Association of Southeast Asian Nations (ASEAN) that the United States will give strong backing, including his personal participation, to the planned international conference on Cambodia at the United Nations starting July 13.

Strategy for that conference was the focus of discussions among Asian diplomats here. Also participating in the ASEAN foreign ministers meeting, as has been the case for several years, were Japan, Australia, New Zealand, and Canada in addition to the United States.

Since the Vietnamese invasion sures on Vietnam, a subject men-tioned publicly in Peking last week policymakers have relied on a

combination of political pressures mounted by Southeast Asian nations and military pressure by China to contain Hanoi's aen'vity. The repercussions of U.S. withdrawal from Vietnam, referred to Saturday by the conference chairman, Philippine Foreign Minister Carlos P. Romulo, as "scars not only on the American people but on all of us," seemed almost to preclude renewed U.S. military invovivement in Indochina.

Mr. Haig said Vietnam had imposed a thinly disguised "vas-salage" on its neighbors, but under questioning he said that recourse to U.S. military action is not a normal or anticipated approach to the

Regarding economic pressures (Continued on Page 2, Col.1)

ment assistance; it is disgraceful." Mr. McNamara said that if the

McNamara responded:

"On the contrary, it's supported by individuals in this country who understand that our own economy will suffer, not the banks. The banks are intelligently managed; their loans to developing countries are a relatively small percentage of their total loans outstanding; they have appropriate reserves in rela-

New Spending Unlikely to Close Weapons Gap, Weinberger Says Saudi Arabia but these "enhanced

By Drew Middleton New York Times Service

WASHINGTON - Secretary of Defense Caspar W. Weinberger has acknowledged in an interview that the Reagan administration's accelerated military effort was unlikely to close the gap between the United States and the Soviet Union in conventional weapons in the immediate future.

But be stressed in the interview

 Moscow sees developments in Poland and Western missile plans as attempts to undermine the Warsaw Pact. Solidarity leader Lech Walesa urges Poles to give the government a chance to rule. Page 5.

to NATO allies the strength and resolution of the United States.

During the interview, in his office at the Pentagon, Mr. Wein-berger said he had no idea what was behind Prime Minister Menachem Begin's denunciation of him during the tension over Israel's June 7 attack on Iraq's reactor center outside Baghdad.

"It is essential to recognize the safety of the region as a whole," be said, "and to recognize that mod-erate and friendly Arab govern-ments play a role in that security. The recognition of this is the only way to bring peace to the region." The defense secretary said he

did not think his former connection with the Bechtel Corp. of San Francisco had anything to do with Mr. Begin's criticism. The corporation, he conceded, has been involved in construction programs in

the entire region." Some critics allege that the company has done much more, particularly in the field of communications, than build a foundation for Arab economic development.

Military Challenge

In his discussion of the military challenge from the Soviet Union, Mr. Weinberger said: "We must move very rapidly to be ready with what we have and to bring onto line additional strength right away.

The Soviet advantage in military manpower is likely to continue, he said. The United States "can't keep a nation in arms and neither can its NATO allies."

But he added that the United other imbalances, for instance, by deploying antitank missiles in Europe to offset an estimated 4-to-1 Soviet advantage in tanks there. The point of equality has not yet been reached, Mr. Weinberger

In tactical aircraft, be said, the West was "pretty close" to the Soviet Union although Soviet production capacity has been growing far faster than that of the United States. In some recent years, he said, there has been a negative growth in the United States.

The secretary of defense is amiably tolerant of some of the criticism leveled at the Pentagon and the Reagan administration for a projected defense program esti-mated at \$1.3 trillion to \$1.5 trillion over the next five to seven

This would include an annual

expenditures, after inflation, with the budgets for 1981 and 1982 as the base years.

"A lot of people talk about the 7-percent increase as throwing money at a problem but they offer

no specifics," he said.

Mr. Weinberger also rejected criticism that there is no sense of strategy within the administration. "The problems we face require a lot of dollars," he said. "We are sbort of nearly everything and it we are to improve conventional readiness and modernize arms, including two legs of the nuclear triad, improve recruiting and estab-lish a Rapid Deployment Force, then money must be found not

to defeat it if it comes.

The two legs of the defense triad he referred to are missiles and

only to deter Soviet aggression but

Mr. Weinberger's view is that the services are faced by a potential enemy that has built a wide range of advanced land, sea and air weapons systems, "some of which are more modern than

"We can't build weapons less accurate, less lethal than theirs," he

added. Mr. Weinberger said that, although he realized many experienced American and allied military leaders believed the United States must introduce some form of conscription, be wished to avoid

this as long as possible. "We know what the draft did to the social fabric of this country in the '60s," Mr. Weinberger said,

Israeli Cabinet Condemns UN Resolution Against Reactor Attack, Criticizes U.S.

By David K. Shipler New York Times Service
JERUSALEM — Israel on Sunday rejected the UN Security Council's condemnation of the bombing attack on Iraq's nuclear reactor two weeks ago and chided the United States for approving

this unjust resolution." In a statement read by Prime Minister Menachem Begin, the

Iraq planned to develop atom-

ic bombs, a former nuclear

plant inspector says. Page 2. Cabinet said that the council action, which came last Friday, gave expression to the double

standard prevailing in the international body."

"The Iraqi dictatorship built a reactor in order to prepare secret-ly, under false pretentions and deceit, atomic bombs to be thrown in time on the centers of the Jewish population in the state of Israel."

the communique declared. "For what are they condemning at the Security Council?" the statement went on. "Not the potential producer of atomic bombs, but the people who prevented, thanks to the heroic action of its sons, the disaster to be suffered by its citi-

Mild Rebuke

The statement added a relatively mild rebuke of the Reagan administration: "In sorrow, we note that the United States, our friend and ally as stated by its ambassador to the United Nations, gave hand to the grave wrong done to Israel. The United States has even conducted talks with Iraq in order to formulate a resolution agreed beforehand between the two of The results, published Sunday by the English-language Jerusalem them."

Despite the American vote, officials in Jerusalem remained optimistic about the course of American-Israeli relations, stressing President Reagan's acknowledgement at a news conference last week of the threats posed to Israel by Iraq and other Arah states.

"Reagan gave us the feeling that this vote was pro forma," one offi-cial said, noting Washington's de-sire to maintain decent relations

Yehuda Blum, Israel's ambassador to the United Nations, even praised the American ambassador during an interview in Hebrew on Israel Army radio.

Political Interest

Mr. Begin is regarded as having political interest, just nine days before the parliamentary election, in playing down the damage done by the raid to American-Israeli relations.

Israeli military officers, however, are being quoted in the Israeli press as fearing that the attack has undermined American trust of 1srael and may jeopardize the embryonic "strategic dialogue" that began to develop between the two countries after Mr. Reagan took

The June 7 attack on the reactor appeared to have boosted Mr. Begin's standing in the public opin-ion polls. However, a survey of 1,268 adults by the Modi'in Ezrahi Applied Research Center between June 15 and 18 showed Mr. Begin's Likud bloc winning 49 of the 120 seats in the parliament, as op-

Post, also showed a drop by the opposition Labor Party from 40 seats just before the reactor strike to 37 just afterwards. The percentage of undecided voters rose from 14.5 to 22.8 in the same period.

fore the attack.

Habib Meets Saudis JIDDA (AP) — U.S. Presidential envoy Philip C. Habib met Sunday with Saudi Arabia's foreign minister, Prince Saud al-Faisal, in his continuing effort to end the Syrian-Israeli missile crisis, a U.S. Embassy official said. The official declined to give details of

INSIDE

Budget Battle

U.S. President Reagan joins w new budget battle with the Democrats on Capitol Hill by strongly endorsing a Republican proposal to change the basic spending priorities estab-lished by House committees over the last month. Page 3.

Space Link-Up

Two of the Soviet Union's largest satellites capable of carrying men link up in orbit — the precursor of a very large space complex that U.S. sources expect to have military uses.

McNamara Warns U.S. on Third World Aid

Retiring World Bank President By Leonard Silk New York Times Service **Sees Congress Faltering on Funds**

WASHINGTON - Robert S. McNamara, who retirea this month after 13 years as president of the World Bank, believes that U.S. economic and political interests will be seriously injured if it retreats further from its earlier commitments to aid the poor in the Third World.

In an interview last week, Mr. McNamara said Congress was "on the verge of repudiating" agree-ments by the Carter administra-tion, endorsed by the Reagan administration, to provide \$658.3 million as the U.S. contribution in a general increase for the World Bank. Also jeopardized is another \$3.2 billion over three years to replenish the International Development Association, the bank's "softloan" affiliate that lends to the

poorest countries. "With respect to IDA," he said, "essentially we are bankrupt today. At the end of next week, the end of our fiscal year, we will have about \$1 billion of IDA credits approved by our board, but for which we have no commitment authority, and hence no authority to

And, he added, "those are for

projects that are to deal with these

very basic problems," of poverty and financial crisis, "the solution to which will benefit not only the

developing countries but the Unit-

ed States.

Passionately Involved

hind silver-rimmed spectacles.

Thus, with just more than a week to go in his job, Mr. McNamara is working down to the vire. At 65, he looks thin and fit. His eyes are bright and restless be-

He seems as passionately in-

volved in his job as he did when

President Lyndon B. Johnson ac-

cepted his resignation as defense secretary in 1968 and backed him

If the United States fails to support the development affiliate, Mr. Bank. This post has always been McNamara believes that other held by an American — Mr. held by an American — Mr. McNamara's successor will be A.W. Clausen, former chairman of the Bank of America. It was former President Jimmy

Carter who named Mr. Clausen to

the post, with President Reagan's

concurrence, although the extent of the Reagan administration's commitment to the World Bank's aid program remains in doubt. The factor that will determine whether the authorization of aid for the World Bank group dies in Congress or passes is likely to be the pressure exerted by Mr. Reagan and his lobbyists on Capitol Hill on behalf of the bill. But

the White House appears reluctant that ultimately emerges from Con- to fight hard for foreign aid. In the interview, Mr. McNamara talked on a wide range of economic, political and technical subjects, rarely consulting notes for data. The McNamara personality is not computer-like, but a blend of precision and emotion. He himself speaks of the need

> hard head." His uppermost concern at the moment is to rescue and strength-military costs and adversely affecten U.S. support for the World

to combine "a soft heart and a

"The United States contribution to development assistance," he said, "is disgracefully low; it has declined in relation to national income 90 percent since the Eisen-hower administration at a time when national income in real terms per capita has more than doubled. It is today the 15th lowest among the major industrial nations. There is no other large industrial nation

providing as low a proportion of

its national income to develop-

United States slashed its support

for poor countries, the country would be penalized in the follow- Inflation, because the World Bank finances production of essential commodities, the scarcity of which could raise world prices —

foodstuffs and energy, for exam-• Economic growth, because Third World countries absorb roughly a third of U.S. exports. If lack of financial support erodes this market, domestic production and employment could be badly

lower rates of economic and social advance in the developing countries are almost certain to bring political instability damaging to the United States, adding to its ing its national security.

When asked about the assertion

Strategic interest, because

Robert S. McNamara that the World Bank is supported by U.S. commercial bankers as a kind of bail-out operation for banks that lent too heavily to developing countries, Mr.

(Continued on Page 2, Col. 5)

Carter, Reagan Administrations **Quashed China Spy-Post Story**

By Murrey Marder Washington Post Service

WASHINGTON - For almost a year, the Carter and Reagan administrations did their utmost to prevent public disclosure of the existence of two secret electronic monitoring stations operating in China with U.S. equipment and Chinese personnel.

The Carter administration succeeded in keeping the story out of print, but the Reagan administration did not, although vigorous at-tempts by top-level officials to forestall publication continued into the late afternoon last Tuesday, just before NBC-TV's nightly

news went on the air.
The NBC report was not the first public reference to the secret missile-monitoring stations, but it had the greatest national and international impact. Anchorman John

Chancellor opened by saying:
"Good evening. The United States and the People's Republic of China have been watching missile tests in the Soviet Union for the past year from two secret monitoring stations deep in China ... '

their replacements.

fn piecemeal fashion, veils were being removed from a behind-thescenes debate involving the gov-ernment and press about publishing a story that officials of two administrations had tried to keep out

Ironically, the beginnings of the

U.S. Reportedly Prepares 'New Policy' Toward Asia

(Continued from Page 1)

China is unable to mount a credible threat to Taiwan and in fact is trying to persuade Taiwan to enter into conciliatory discussions.

tal for Mr. Haig when he returns to the United States to make a major effort to persuade President Reagan not to go along with Taiwan supporters for an early decision in favor of the FX while the new approach to China is entering

In Peking, aides said, Mr. Haig told the Chinese in private that he

Haig Calling For Pullout

that the United States is mounting against Vietnam in international aid deliberations, Mr. Haig said, "We will continue to question seriously any economic assistance to Victnam - whatever the source so long as Vietnam continues to squander its scarce resources for

et Union has intruded into the re-Camranh Bay and increased military activity in the waters and air of the western Pacific and Southeast Asia.

In response, he pledged. "The United States will maintain and strengthen its own military capability in the Pacific and Asia as a contribution to the security of the

He was low key in his discussion of announced U.S. arms dealings with China, calling the move an internal decision that merely involved shifting China from one category to another on arms. Conceding that Asian allies had not been consulted before this decision, Mr. Haig promised to do so before any arms are actually supplied. He predicted that the sales would be slow and evolutionary.

Mr. Haig's statements were more confrontational on Indochina than those of the ASEAN final communique. ASEAN strategy is to tone down criticism in order to win support of nonaligned nations. There was oo public criticism of Mr. Haig's tough line by the ASEAN ministers, however.

In their communique Thursday, the ASEAN foreign ministers, representing Thailand, Indonesia, Malaysia, Singapore and the Philippines, urged Vietnam to join efforts to reach a political settlement in Cambodia, where 200,000 Vietnamese occupation troops have been propping up a government installed by Hanoi in 1979.

Among the initial steps toward such a settlement, the organization called for the dispatch of a United Nations peacekeeping force to Cambodia, withdrawal of all for-eign armed forces and the disarming of all Cambodian factions.
ASEAN delegates said other details of the plan would be presented at the UN-sponsored conference in New York.

Jury Convicts 2 In Dominica Plot

NEW ORLEANS - Mercenaries Joe Daniel Hawkins and Stephen Don Black have been found guilty by a federal court jury of conspiracy and violating U.S. neutrality acts for plotting to over-throw the government of Dominica. A third man, Michael Norris, was acountted.

Mr. Hawkins and Mr. Black, the latter a Ku Klux Klan leader, were found innocent Saturday of violaling five firearms statutes. Each could receive a maximum sentence of eight years in prison and \$13,000 in fines on the other counts. Judge Lansing Mitchell set sentencing for July 22.

The three were brought to trial on charges of plotting to overthrow the government of Domini-ca, a small island republic in the Caribbean. The leader of the operation, Michael Perdue, had pleaded guilty and was the prosecution's chief witness against Mr. Black, Mr. Hawkins and Mr. Norris.

NBC then switched to Marvin Kalb, a diplomatic reporter in Washington, for the actual report, with accompanying film that included street scenes in Tehran showing wildly cheering crowds hailing Iran's revolution. Among other things, the Iranian upheaval had wiped out electronic eavesdropping posts operated by the United States for years on the Iranian-Soviet border. The monitoring installations now in China are

The existence of the monitoring posts had been reported obliquely on June 14 in The Washington Post and, as a consequence, less obliquely in one pararaph of William Safire's column entitled "Essay" in The New York Times on

a perceived growth in Soviet naval

House Panel Wary

na "with the greatest cautioo."

is based on a "fuodamental strate-

gic perspective." els, the F-5G or the F-16/79, since In particular, they were told, the Reagan administration sees as important the step-up in American military spending that will provide additional aircraft carrier groups, Therefore, the aides said, it is vithereby strengthening the American presence in the area to counter

and air power.

would approach the subject of the airplanes "prudently" aod "responsibly." The Reagan administratioo's

Asian policy, reporters were told,

man of the subcommittee oo Asian and Pacific affairs, Rep. Stephen J. Solarz, Democrat of New York, and the subcommittee's seven other members, was written after a series of hearings that explored U.S. policy toward China and (Continued from Page 1)

Senior Official Terms Detente Failure for U.S. Mr. Haig charged that the Sovi-ALPBACH, Austria - A senior

failure, and he appealed to Western Europe to join the United States in facing up to the Soviet

Lawrence S. Eagleburger, assistant secretary of state for European affairs, warned West Europeans not to underestimate the threat that he said Soviet power presented to the world and oot to overlook the new U.S. appreciation of the threat.

"Detente for you, for Berliners, for Germans, has made a differhe said bere. "But for us, detente has been a failure. We expected a certain type of behavior from the Soviet Union and we He told a seminar on U.S.-West

European relations that Western

countries should be able to counter Soviet threats if they united in this decade to oppose Kremlin policy. But he said the United States was oo longer able to carry all the responsibility for Western defense. Mr. Eagleburger said the United States had regained its pre-Viet-nam War confidence that it could exert control over events, while the Soviet Union was becoming mired in increasingly grave problems. "We face a Soviet Union which is not 10 feet tail. They have deep internal problems. ... The only na-tions they have on their side are those they finance, feed or frighten," he said.

Hundreds Cheer IRA Fugitive at Grave Ceremony

From Agency Dispatches
DUBLIN — One of eight Irish Republican Army prisoners con-victed in absentia of terrorism after shooting their way out of a Belfast jail appeared at a political ceremony near here Sunday amid cheers from hundreds of people.

Michael Anthony McKee, who escaped from the Crumlin Road prison in Northern Ireland on June 10, attended the annual graveside ceremony honoring Irish patriot Wolfe Tone, who is buried in a cemetery located about 20 miles (32 kilometers) south of

Dublin. fn the north, a British military base in West Belfast was hit hy about 10 mortar rounds Saturday night and the IRA said Sunday it

carried out the attack
The IRA said it killed Police Constable Neal Quinn, 53, a Roman Catholic and the father of three, at Newry near the border because the Royal Ulster Constabulary helps to maintain British military presence in Northern Ireland, the IRA said.

Ice Fall on Mt. Rainier

United Press International PARADISE, Wash. - Tons of ice broke off n glacier and cascaded down the slopes of Mount Rainier on Sunday, burying as ing dependence of Yugo many as 10 climbers, officials said, porters on the Soviet bloc.

story had been known since at least April 20, 1979, when China's offer to replace the Iranian monitoring stations was reported on the front page of The Post. Under a Hong Kong dateline, Jay Mathews

reported: "Chinese Vice Premier Deng Xiaoping ... said today that China is willing to use American equipment on Chinese soil to monitor Soviet compliance with a proposed new arms limitation treaty, according to U.S. senators visiting Peking."

Pursue the Matter

The report also said that Mr. Deng, "in response to a question from Sen. Joseph R. Biden Jr. Democrat of Delaware, made clear that the monitoring stations would have to be run by Chinese and that Peking would share the collected data with Washington."

The delegation's leader, Sen. Frank Church, the Idaho Democrat who was then chairman of the Senate Foreign Relations Committee, told reporters who asked for his reaction to Mr. Deng's offer: "We'd have to pursue the matter further."

To an even half-alert Soviet in-telligence officer in Washington, that report surely resulted in alarms to the Kremlin.

ft should have been obvious that the U.S. government, and the CIA in particular, were unlikely to pass up such an opportunity, especially when the loss of Iranian monitor-ing posts was a very troublesome issue for the Carter administration in its attempt to complete the second strategic arms limitation treaty. That pact finally was signed by President Jimmy Carter and Soviet President Leonid L Brezhnev a few months later in Vienna, although it was never ratified.

Times Dissuaded

Similar alarms should have been ringing in U.S. newspaper offices about any follow-up to Mr. Deng's offer. But it was oot until November, as best as can be established, that The Times had the story, or as much of it as was available then.

WASHINGTON (WP) — A House subcommittee has unanimously urged President Reagan not to sell Taiwan the FX or any other advanced combat aircraft The existence of a monitoring and to approach arms sales to Chi-"facility" in China became known to Richard R. Burt, then national security reporter for The Times - who had a reputation for "break-The letter, signed by the chairing" what government officials regarded as some of the most sensitive stories - and to his Times colleague, Philip Tanbman.

The monitoring secret reportedly also became known about that time to one or two other journalists, but not to any reporters at The Post, According to journalistic sources, The Times was talked out of publishing the story last No-vember on "national security grounds" by Mr. Carter's national security affairs adviser, Zbigniew

Brzezinski, and perhaps others. These sources said The Times was again talked out of publishing the report as a prominent news American official said Sunday that story as recently as last Tuesday for the United States detente was a by CIA Director William J. Casey. At that point, the story had been reported June 14 in the context of an overall review of China policy in The Post by this reporter, and then by Mr. Safire.

By that time Mr. Burt had left The Times and had been named director of the State Department's Bureau of Politico-Military Affairs, becoming one of the admin-

istratioo's prime keepers of secrets. The monitoring story's impact had increased greatly by last Tues-day as a result of the U.S. decision to authorize the first sale of "lethal" U.S. military equipment to China on a case-by-case basis. As a consequence, by Wednesday the story was of primary impor-tance and interest to all oews outlets, and they were able to verify it on a "background" basis. The story, under Mr. Taubman's by-line, was published in Friday's editions of the International Herald Tribune.)

Vote Rejects Bani-Sadr

(Continued from Page 1)

ovation when they stepped onto a balcony of the parliament building after the vote against Mr. Bani-

Mr. Rafsanjani told the crowd: "By your help, one of the greatest problems blocking continuation of the revolution has been removed. He then said he would immediateinform Ayatollah Khomeini of the Majlis' decision.

The crowd responded with "Bani-Sadr must be executed." whereupon the speaker said: From now on Mr. Bani-Sadr is eliminated from the Islamic republic. Switch your slogans toward America." The crowd took up the cry, "Death to America."

Demonstrations of groups supporting and opposed to Mr. Bani-Sadr were also reported in Hamadan, Shiraz, Meshhed, Qom, Zahedan, Ahwaz, Behbahan and Bandar' Abbas, the official Pars news agency said.

Belgrade Announces Anti-Inflation Steps

Reuters BELGRADE - Yugoslavia has announced plans to curb price rises, restrict some imports and let its currency fall against the dollar. The measures are aimed at keeping inflation for the year down to the planned 32 percent.

Deputy Premier Zvone Dragan said Friday that the cost of living had risen 21 percent in the first five months of this year, and he announced cellings of 7 percent oo retail prices and 5 percent on services. He also said the government was concerned about the increasing dependence of Yugoslav ex-



Pope John Paul II arriving at Rome's Gemelli Hospital.

Pope Hospitalized With Fever; **Doctors Suspect Lung Infection**

ROME — Pope John Paul II, suffering from a persistent fever that has slowed his recovery from ganshot wounds, was bospitalized unexpectedly Saturday for tests, a hospital spokesman said

The spokesman for the Gemelli Hospital said that the pope may have a lung infection, "but we don't think there is anything wrong with his intestines." He said the pontiff's temperature Sunday was 100 degrees Fahrenbeit (38 Celsius).

An infection in the intestines, where the pope was shot in the attempt on his life in St. Peter's Square May 13, would have required an urgent operation. The pope was already expected to have surgery next month to reverse the colostomy, or intestinal bypass, performed oo him after be was shot.

The hospital spokesman said the pope was spending the day resping Sunday and oo special tests were planned. He did not predict how long the pope would be in the hospital. Dr. Emilio Tresalti, ehief medical officer for the hospital, said the pontiff's life was not in danger.

Dr. Luigi Candia, ooe of the pope's physicians, said John Paul was on a normal diet, a further indication that the fever was not caused by an infection in the intestines. The pope was released from the Gemelli Hospital June 3 following his earlier treatment. In a taped address broadcast at noon Sunday in St. Peter's

Square to a crowd of about 8,000, the pope wheezed slightly and spoke in a slow, labored voice. The three-minute message was recorded Saturday a few bours before the pope's hospitalization,

Ex-Inspector Says Iraq Planned Nuclear Bombs

By A.O. Sulzberger Jr.

New York Times Service
WASHINGTON — A former inspector for the international Atomic Energy Agency said that he was satisfied Iraq had been planning to develop atomic bombs using the nuclear reactor destroyed by Israel and that international safeguards would not have detected secret production of plutonium

in the reactor for weapons. The former inspector, Roger familiar with ouclear reactors to testify Friday that Iraq would have been capable of using the reactor bombed on June 7 to produce plutonium, which can be used to make atomic weapons.

But oeither of the other witnesses. Robert Seldon, bead of the applied theoretical physics division at Los Alamos Laboratory, nor Herbert J.C. Kouts, chairman of the department of nuclear energy at Brookhaven National Laboratory, would say under questioning if believed that Iraq was in fact planning to use the reactor to produce fissionable material for weap-

Testifying before the Senate Foreign Relations Committee, Mr. Richter said his concern over agency constraints in inspecting the Iraci reactor led him to report his misgivings to the State Department last year. He said that he had never personally inspected the reactor, explaining that checks of the Iraqi plant had been conducted only by Soviet or East European members of the International Atomic Energy Agency.

"The available information points to an aggressive, coordinated program by Iraq to develop ouclear weapons capability during the next five years," Mr. Richter said he wrote in a letter to the State Department's mission to the agency. "The IAEA safeguards are totally incapable of detecting the production of plotonium in large-size material test reactors under the presently constituted safeguard

Mr. Richter's testimony contradicts a statement made last week by the director general of the agency, Sigvard Eklund, who said that any attempt by Iraq to produce plutonium in the reactor would be detected "with very high probabili-ty," meaning in the Iraqi case "a full guarantee."

After Mr. Richter's testimony a State Department official who declined to be identified said that Mr. Richter had been a "low-level, junior inspector."

According to a one-page biography distributed hy Sen. Alan Cran-ston, the California Democrat who said several months ago that Iraq was developing nuclear weapons Mr. Richter is a 33-year-old Californian who for more than three years has been an inspector for the atomic agency living in Vienna.

Dohnanyi Nominated As Hamburg Mayor

HAMBURG - The Social Democratic Party has nominated Klaus von Dohnanyi, former state secretary in the Foreign Ministry, as mayor to replace Hans-Ulrich Klose, who resigned last month in a dispute over the nuclear power plant in nearby Brokdorf. The Social Democrats control the city assembly, so that their candidate is almost sure to win the vote on Wednesday.

A Cranston aide said Mr. Richter called the senator's office last Friday to say that he had information about international inspections of the Iraqi reactor. It was arranged for Mr. Richter to come to Sen. Cranston's office, at which time Mr. Richter agreed to resign from the agency so that he could testify "as a private citizen."

Mr. Richter said he was the only American in the section of the agency dealing with the Middle East and South Asia. Before working for the agency, he worked for the United States Atomic Energy Commission, the Energy Research and Development Administration

and the Department of Energy.
Under questioning Mr. Richter said that Iraq bad originally asked France to sell it a reactor better suited to producing ouclear weapons than the reactor Baghdad eventually received, but that the French had refused.

Mr. Seldon and Mr. Kouts said that, although there were better reactors for the purpose of providing plutonium, the Iraqi reactor was quite capable of doing that.

modest nuclear capability," Mr. Kouts said. "This is well beyond anything they oeed. But this would not be the first time a country has taken on a white elephant."

In support of his conclusion, Mr. Richter also cited Iraq's purchase of 100 tons of a natural uranium known as yellowcake, which be said could be used in the reactor to be transmuted into platonium production. The uranium, he said, was oot under inventory con-

become very suspicious," be said.

Only American

"It is a size for achieving a

trol by the atomic agency.

"If you look at the evidence, you

South Africa Black Media Leader And Student Seized United Press International

2 Dissidents

Detained in

JOHANNESBURG - Security police arrested two more black leaders over the weekend, bringing to at least eight the number of prominent dissidents detained or

banned recently in an apparent

crackdown on critics of South Af-

rica's racial policies. A police spokesman said Zwelakhe Sisulu, president of the black Media Workers Association of South Africa, and Wanto Zentili, president of the Congress of South African Students, were arrested under security laws that provide for unlimited detention without trial

On Thursday, Thami Mazwai, news editor of the black-oriented newspaper, The Sowetan, and black student leader David Johnston were arrested and liberal white student leader Sammy Adelman was served with a five-year banning order that restricts his movements and prevents him from speaking in public.

In recent weeks, the authorities have arrested at least three otherprominent critics of the government: mixed-race student leader Aziz Jardine; Andrew Borsine, white president of the National Union of South African Students, and Joseph Mavi, leader of the black municipal workers union in Johannesburg. They remain in de-

tention. Mr. Sisulu is the son of Walter Sisuln, a leader of the outlawed African National Congress who is imprisoned on Robben Island off Cape Town. Banned earlier this year, the younger Mr. Sisulu was arrested at his home in Soweto before dawn Saturday. Police refused to say where Mr. Zentili was

The Media Workers Association reacted by urging Western govern-ments, particularly the United States, to act against South Africa for "its harsh repression of dissent." The white South African Society of Journalists condemned the

Mixed Couples Get a Break

DURBAN, South Africa (AP) The government is quietly softening its application of the law forbidding interracial marriage, a cornerstone of apartheid, by allowing some mixed couples to live together, the Durban Sunday Tribune reported.

The newspaper said the South African Indian Council and other sources confirmed that the government had granted in the past year permission for some Indians to live with white women they married

overseas. A government official refused to confirm or deny that approval had ples to live together without fear of prosecution. But he added, "f am

not saying it's not happening."

Last year the white-minority government allowed a white man to marry a woman of mixed ethnic background but said it was not a

most of them black, went on a 90-minute rampage in a main shopping street in southeast London on Saturday night, smashing shop windows and cars and looting stores.

A civilian and a police officer were slightly hurt in the disturbance in the Peckham district, Scotland Yard said. Peckham is about 2 miles (3.5 kilometers) from Brixton, where three days of street rioting two months

30 Arrested in London Riot of 500 Youths

United Press Intern LONDON - Thirty youths were arrested when about 500 teen-agers.

WORLD NEWS BRIEFS

ago led to about 300 arrests. The trouble in Peckham began as a fairground was closing for the night, Scotland Yard said. Youths tore up wooden fencing around the fairground and began throwing it at motorists and police cars. The ricters then went down Rye Lane, the district's main shopping street, breaking about 30 shop windows and looting the stores.

Toll Revised Upward in Cairo Religious Riots :: New York Times Service

CAIRO — Egyptian Interior Minister Nabawi Ismail has admitted to Parliament that the death and injury toll is higher than earlier reported on recent religious clashes here between Moslems and Coptic Christians. Mr. Ismail told lawmakers Saturday that 10 were killed and 55 injured in rioting that lasted three days. He said 113 persons have been detained. and 37 rifles and pistols were seized.

A ministry statement printed Friday said only 2 were killed and 31 arrested in nots that began Wednesday night in the El Zawiya el Hamra housing project. On Friday, sermons in government mosques concentrated on the theme of national unity and the tolerant views of Islam towards non-Moslems.

Angola Tells Western Envoys It Needs Cubans

LISBON — Cuban troops will stay in Angola as long as external threats to the country's security are not removed, Angolan Deputy Foreign Minister Venancio de Monra was quoted as saying.

According to a report from the Angolan news agency on Saturday, he told the French, West German and British envoys in Luanda, Angola, that the independence of Namibia could not be made contingent on the

withdrawal of the Cuban troops stationed in Angola. Angola is a sovereign country that can turn to its friends to help in its defense, Mr. de Moura told the three envoys when he summoned them on Thursday, the news agency said. The Angolan government has con-tended that it needs the Cubans to defend it from South Africa as long as Namibia (South-West Africa) is under Pretoria's administration.

Rioting in Casablanca Leaves Several Dead

The Associated Press CASABLANCA, Morocco - Riots in Casablanca on Saturday left several persons dead. Western diplomatic sources said. A report on Morocco's state-controlled radio blamed a Socialist-backed labor union which had organized a demonstration earlier in the day to protest gov-

ernment-imposed price rises. The riots erupted Saturday afternoon in working-class neighborhoods.
"When the demonstration started to break up, people in the crowd began clashing with the police," a Western source said. "The crowd went crazy. They started throwing rocks and overturning cars and setting

some of them on fire. There were no official reports on casualties, though at least one for-eigner died — 63-year-old Frenchman Alexandre Cuquel was killed when a rock crashed through the window of his car as he was driving

with his family through the riot area. Libyan Jets Said to Bomb Guerrillas in Chad

The Associated Press KHARTOUM, Sudan — Libyan warplanes are attacking positions of Chadian guerrillas opposed to Libya's military intervention in Chad, reliable Chadian sources reported here.

Fighting was raging in the Arba district of Chad, 38 miles (60 kilometers) from the border with Sudan, the sources said Friday. They said the jets had bombed positions of guerrillas loyal to former Chadian Defense. Minister Hissene Habre, whose forces are believed to number about

The same sources said troops loyal to Chad's president, Goukouni Oueddei, had been engaged since Tuesday in fighting with the guerrillas, whose main bases are near Sudan. Western and Sudanese military analysts estimate Lihya has had some 12,000 troops stationed in Chad since its intervention in December. They reportedly have MiG-23 fighters and

belicopter gunships. China Reportedly Opens Session to Oust Hua

PEKING - A long-delayed session of the Chinese Communist Party's Central Committee has started, in which Hua Guofeng is expected to be

removed from the chairmanship, diplomatic sources said Sunday. Both Chinese and diplomatic sources have said the crucial sixth plenary session, originally due to be held late last year, would name Hu Yaobang, a close ally of Chinese strongman Deng Xiaoping, in Mr.

Hua's place. The meeting is also due to endorse a so-called historical document appraising the role of Mao following the dismantling of many of his

policies and the drastic reduction of his status. French Socialists Win Majority of Seats

(Continued from Page 1) losing half their legislative seats, the Communists saw a quarter of

their electorate desert them for the Socialists. A profound debate is now expected to erupt within the Com-

munist Party, perhaps threatening its leaders who have supported a dogmatic Stalinist, pro-Moscow line in recent years. Georges Marchais, the Communist secretary-general, has in recent weeks sounded strongly conciliatory toward the Socialists, and insist-

ed on Sunday night that he saw "no obstacle to the participation of Communists in the government. Mr. Jospin, the first secretary of the Socialist Party, said in re-

plishment, he feels, was learning to

focus resources and technical as-

sistance on the poor, raising their

productivity and hence their out-put and real income.

With the statistical exactness for

which he is noted, first as a Har-

vard Business School professor,

then as a statistical controller in

the Air Force during World War II and as president of Ford Motor,

Mr. McNamara reeled off the rates

of return from investments in anti-

poverty programs in Bangladesh

Pakistan, Burundi and other poor

countries. These rates of return

ranged as high as 50 percent and averaged 19-20 percent on invested

Dutch/Shell, Coming Glass and

The Washington Post.

sponse to Mr. Marchais that "Socialists and Communists will soon meet to discuss this problem."

McNamara Fears Congress Faltering on Foreign Aid

(Continued from Page 1) tion to them; they are concentrated in some of the stronger develop-

ing countries.

"So the charge that this bank is moving in ways that are designed to bail out U.S. commercial banks is absurd. This bank is, however, moving in ways that are consistent with the broad economic interests of the U.S. And if this bank is prevented from continuing to move in those ways, not only will the developing countries be burt, and particularly the poorest people in those countries, but the U.S. econonry will be hurt, and the Ameri-

can people will be hurt." Mr. McNamara rejects the criti-Leaving the World Bank with some regret, Mr. McNamara has cism, made by a host of conservatives, including some within the accepted a number of appointadministration, that the World ments to the boards of nonprofit Bank is undermining private en-terprise and promoting Socialism. institutions, including the Brookings Institution, the Ford Founda-He called the accusation an extion, the Urban Institute and the treme hindrance to the bank's op-California Institute of Technology, erations, especially in the United as well as to the boards of such corporations as Royal

He feels that the bank has made great strides in its attack on absolute poverty. The most obvious accomplishment of the bank under his administration, he said, had been to increase its annual commitments of loans from \$1 billion in 1968 to \$13 billion in the fiscal year ending June 30, which has meant, after allowing for inflation, quadrupling or quintupling its real But the most important accom-

tude of the changes in the relationships among nations, economically politically, over the last dec-- especially their greater interdependence."

to be leaning toward eventually offering the Communists a few minor Cabinet posts in order to encourage the emergence of a more moderate line and to avert any problems with trade unions where Communist influence is strong.

But other Socialists, urging that any Cabinet invitation to the Communists await a shake-up in their party, argue that the presence of Communists could strain relations with allies abroad and discourage investors, particularly conservative

Arabs who keep large deposits in Political Wilderness

With the prospect of Socialist control of the legislature for the next five years and Mr. Mitterrand's firm grasp on the presidency for a seven-year term, the conervatives seem destined for a lengthy, cantankerous journey through the political wilderness, Many Giscardists are convinced that the defeat of the center-right was largely due to the divisive campaign mounted by Mr. Chirac, the neo-Gaullist leader, against Mr. Giscard d'Estaing during the presidential race. The neo-Gaul-

ing was too unpopular to be reelected anyway. Mr. Chirac is now asserting that if the center-right maintains its unity in the Senate, the upper cham-ber of the legislature, where conservatives hold a majority, there is still a chance to "prevent certain errors or aberrations" in the So-

ists insist that Mr. Giscard d'Esta-

cialist program. But the National U.S. Settles Suit For Mine Deaths

New York Times Service PIKEVILLE, Ky. — The U.S. government agreed to pay \$2.1 million in settlement of a lawsuit charging that officials of the Mine Safety and Health Administration were responsible for the deaths of ff men who entered an explosionwrecked coal mine in 1976 on a rescue mission only to die in a second blast.

In a separate settlement last August, Blue Diamond Coal Co. Among his disappointments agreed to pay \$5.9 million to be from his term at the lending agendivided among f3 widows and 22 cy, he said the greatest was that "we and others have failed to inchildren of the miners killed in the form the people of the industrial first explosion. countries of the nature and magni-

The basis of the second suit settled Friday was that the victims were led by three officials of the federal mine safety agency, who endangered the rescue team. The two explosions killed 26.

President Mitterrand is believed Assembly is a much more powerful legislative chamber, and it is doubtful that the Senate could ef-

fectively block Socialist proposals. The government has announced that it intends to convene the National Assembly on July 2 to quickly consider important changes in the 1981 budget covering new social spending and taxes.
According to Gaston Defferre, minister of interior, the government is also ready to present to the legislature its project for a decen-

tralization of political power. According to government offi-cials, Prime Minister Pierre Manroy intends to put before the National Assembly next month bills to nationalize the remaining private banks and the ailing steel in-

Marcos Declared Winner in Vote In Philippines

United Press International
MANILA — The interim parliament on Sunday amnounced that
President Ferdinand E. Marcos was the official winner in the June. 16 presidential elections.

Mr. Marcos overwhelmingly won the first presidential election in the Philippines in 12 years with 18,309,360 votes. His closest rival, former Defense Secretary Alejo Santos, polled f,716,429 votes, according to the parliament's final count

In a speech accepting the final results, Mr. Marcos pledged to create a "new republic" and to "proceed with the programs of government with the same idealism, principles and vision." An opposition call for a boycotr of the election was virtually ignored as millions of voters turned out to cast their bal-

The win gave Mr. Marcos, in power since 1965, a new six-year term in office. He called the election to seek a new mandate after ending eight years of martial law

Ethiopian Air Attack Kills 3, Somalia Says The Associated Press MOGADISHU, Somalia — Ethiopian MiG-21 and MiG-23 jets attacked a school in northwest-

ern Somalia, killing three children and myuring seven, the Somali Defense Ministry said in a statement released by the official news agening the second of the second o

Reagan Fighting for Republicans' Plan To Reshape House Spending Priorities

New York Times Service

New York Times Service

WASHINGTON — President
Reagan has opened a new front in
the budget battle with Democrats
Capitol Hill by strongly endorscapitol Hill by strongly endorsal the budget battle with Deardors-on Capitol Hill by strongly endors-Republican plan to change on Capitol Hill by strongly endorsing a Republican plan to change the basic spending priorities already established by House committees over the last month.

The Republican bill would make

The Republican our wound make the Democrats want in such programs as welfare.

subsidized housing, school lunches and student loans. It would also revive six programs that would transfer federal money from Washington to local communities.

The American people have waited patiently for a full-scale attack on runaway spending." Mr. Reagan declared Friday in a statement issued as be left for a weekend at Camp David. "Let there be no doubt: We can and we will put a stop to the fiscal joyride in

Michel, the Republican minority leader in the House, said his party's proposal would present Congress with "the real nitty-gritty gutsy vote" on federal spending.

Question of Form

But the Democrats seem increasingly confident that they can defeat the Republican proposal. Many Southern Democrats who gave the Republicans their margin of victory in earlier budget tests

ing class action suits that often broadened eligibility standards.

of the liberal network they are

trying to unravel. A typical com-ment was that of Republican Rep.

F. James Sensenbrenner Jr. of Wis-

consin as he argued for an amend-ment that banned legal services

from bringing class action suits

against government agencies. The

amendment was necessary. Rep.

Sensenbrenner said, to halt the in-

direct raid on the federal treasury

Third item on the so-called sec-

ond agenda is an attack on the

power of the executive and the

courts to decide issues such as

Last week, Republican Sen.

Lowell P. Weicker Jr. of Connecti-

cut staged a short filibuster against

a conservative plan to bar the Jus-tice Department from pursuing

school desceregation cases that

might result in busing. Republican Sen. John P. East of North Caroli-

na concluded bearings on legisla-

tion that would allow states to ban abortions on the theory that life

The rejection of the Supreme Court's past role was highlighted

by Mr. Reagan's comment that the

successor to retiring Associate Jus-

tice Potter Stewart would be dedi-

cated to the ideas of interpeting law, not enacting new law by judi-

Fourth on the agenda is a tax

bill that provides large cuts and large deficits over a three-year pe-

riod Rep. Jim Wright, the House

majority leader, believes that the

real purpose behind this bill is to

put pressure on Congress to de-

Ideological wrangling pervades Capitol Hill. Many members

would prefer to be somewhere in

the middle. 'There's a basic philo-

sophical difference between the

two parties," said Rep. Democrat-

ic Rep. James Blanchard of Michi-

bert Hoover; we're talking about FDR. And we're both wrong."

"They're talking about Her-

stroy additional social programs.

begins at conception.

abortion and school prayer.

conducted by such suits.

ble balloL Off Reagan's Target

resent what they feel is an attempt by the White House to impose its

One key question is how the Re-

publican proposal will come to the

House floor. The administration

wants a single up-or-down vote, a

contest that can clearly be labeled

a pro-Reagan or anti-Reagan deci-

sion. Their belief is that many

lawmakers would not vote against

a popular president in such a visi-

own priorities on Congress.

The current budget battle began when Congress adopted a blue-print requiring committees to trim about \$36 billion from existing programs that otherwise would cost \$740 billion in fiscal 1982. The White House promised lawmakers they would have the right to set their own priorities within those spending targets, and This has outraged conservatives, the committees in the House finwho see legal services as the heart

ished their work last week. David A. Stockman, the budget director, conceded Friday that the House had met its overall budget targets. Lawmakers in both parties are complaining that the White House is now reneging on its promise to accept the work of the congressional committees, and partly because of that protest, the Republican proposal submitted Friday is far more modest than the original plans drafted in the White House several weeks ago.

Mr. Stockman argued that the Democrats decided to cut far less heavily in such programs as food stamps and Medicaid, and unless these so-called entitlements are eut, the budget cannut be con-

The Republicans maintain that the Democrats cut only \$3 billion out of such programs in fiscal 1982, while the Republican bill would trim \$8.5 billion. To take some examples, the Republicans would slash an additional \$454 million out of welfare, \$685 million out of Social Security student benefits, \$551 million out of school lunches and more than \$1 billion out of bealth and energy programs, including Medicaid.

The other key dispute is over block grants to local governments. The Reagan administration considers these an essential part of its attempt to shift spending decisions back to the states and bypass Washington's liberal power cen-ters. Most of the Republican block grant proposals have lost in the House, and some have been severely modified in the Republican-controlled Senate.

13 in Turkey Choir Jailed

ANKARA - All 13 members of trade union choir were sentenced to 51/2 years in prison by a Turkish martial law court in Istanbul for singing the Internationale during a 1979 union congress, it was reported in Turkish newspapers Sunday.



These ivory and gold false teeth worn by George Washington have vanished from a locked room at the Smithsonian

George Washington's False Teeth Missing From Smithsonian Room

New York Times Service

WASHINGTON - George Washington's false teeth, made of gold and ivory and not wood as rumor would have it, were reported missing from a locked storage room at the Smithsonian Institution's National Museum of American History.

The teeth were fashioned in 1795, during Washington's second

term as president, by his dentist, John Greenwood, according to Ellen McCalester, the librarian at Mount Vernon, the president's home on the Potomae. Incised on the inside of the teeth, Miss McCalester said Friday,

were the words: "This was the Great Washington's teeth." The false teeth bad been loaned to the Smithsonian 16 years ago

by the University of Maryland Dental School, which bad aconired the set many years ago, presumably from the Greenwood family Until earlier this year, the teeth were on display in a dental exhibit at the museum but were placed in a locked room for safekeeping after a series of museum thefts, including several golden toothpicks of uncertain origin, according to Lawrence Taylor, a spokes-

Also reported missing Friday from the locked storage room were another set of unidentified false teeth dating back to 1845 and two gold pocket watches that belonged to W.T.G. Morton and Crawford W. Long, two 19th century pioneer anesthesiolo-

Sandinista Policy Arouses **Distrust of Coastal Indians**

MANAGUA - Soon after the Nicaraguan revolution, the Sandinista daily, Barricada, published several issues in the Miskito language as evidence of the new government's commitment to bringing progress to the forgotten and isolated Indian communities of the Atlantic coast.

the Sandinistas is running deep.

'Small Mistakes'

minister in charge of the Atlantic coast, concurred. We've allowed small mistakes to turn into a big

against the Indian leaders. The most influential Indian leader, Steadman Fagoth Müller, a 27-year-old biologist who is of German-Miskito descent, has fled across the Honduran border to join some 3,000 Indian refugees. schools are closed and a vaccination program in the region has been suspended. A food shortage provoked partly by the political crisis is forcing the Red Cross to plan grain handouts for about 30,000 people and an emotional dispute over land ownership re-

mains unresolved. "People have lost confidence in

Nicaragua's History

Throughout Nicaragua's history, the Indians in northern Zelaya and the black Jamaicans who settled around the port of Bluefields have had little contact with the coun-try's Spanish-speaking majority on the Pacific coast. Separated by mountains, forests and marshlands, they have grown in different directions.

When discontent with the Somoza regime began to grow toward revolution in 1977 in the rest of the country, the Atlantic coast remained calm and uninvolved. And when such Pacific-side cities as Managua, Leon and Masaya erupted in insurrection during the final offensive of mid-1979, Bluefields, Puerto Cabezas and Huaspan, less than 300 miles

"We found a population cultur-

neglected rather than repressed by regime of Anastasio Somoza Debayle and had been untouched by the fighting in 1979, the Indians of the Atlantic coast were neither as anti-Somoza nor as pro-Sandinista as the rest of the country. While the revolution awakened expectations of better conditions, the Indians proved stubbornly independent and their new political organization, Misurasata, anything hut subservient to the Sandinistas.

Over the last two years, the government has made progress in end-ing the isolation of Zelaya. But eager to assert their control over the region, the Sandinistas established a strong military presence that disturbed the Indians and helped contribute toward the anti-government riots last September.

Bolivia to Start **Anti-Drug Drive**

LA PAZ - A Bolivian general considered likely to succeed to the presidency has announced that about 20 officers would be cashiered from the armed forces

for trafficking in cocaine. Gen. Humberto Cayoja, the army commander, said Friday that the cocaine trade endangered national security because "narcotics traffickers can buy power." He said the military government planned to introduce a new anti-

drug campaign soon, but that fi-nancing would probably have to come from the United States. Several top officials of the regime of Gen. Luis Garcia Meza, who came to power in a coup last July, have been accused by the U.S. Drug Enforcement Adminis-tration of being drug smugglers. After two coup attempts against him failed in May, Gen. Garcia Meza announced that a new president would succeed him Aug. 6.

Not a fossil. A dinosaur. A live, some reports of natives being big one. The explorers are serious. They killed by them." There may be other dangers. Al-though cannibalism and headneed to be. The last group that went looking for the mokelembembe - the name the local peohunting are outlawed in the Conple use for the creature — was a Freneb team in 1978. The Frenchgo. Mr. Regusters said some still occurs in the outlying regions men have not been beard from bere the explorers are headed.

stays mostly in the water and comes to the shore only in the ear-

ly morning or at dusk to feed on vegetation. "The natives say they

are vegetarians only up to the

point that you get in their way,"

Mr. Regusters said. "Then they

can be ferocious, and there are

Seeks Live Dinosaur

By Philip J. Hilts Washington Past Service

WASHINGTON - A three-man

What the scientists, including

Roy P. Mackal, a microbiologist and tissue expert at the University of Chicago, are looking for is the African Bigfoot, the Loch Ness

monster of the jungle.

If it exists, and if it is the 10-ton, 40-foot brontosaurus the native descriptions make it out to be, it

would be the only saurus to sur-

Romantic Soul

"Whether there are dinosaurs or not, we don't know," Mr. Mackal

said. "But we're going to check it out. I admit to having some ro-

His colleagues are skeptical, and he remarked: "You have to have a

thick skin. ... If they say it's ex-tremely unlikely, then I'm the first

to agree. But it's not impossible.

We've got to check out the long

shots, because they pay off once in

Over the pass two centuries, there have been many reported

sightings of the reptile, which the

local people say frightens away hippopotami. Recently a crocodile expert working near Lake Tele in the Congo photographed a clawed.

36-inch footprint the people identi-

On a recent African trip, Mr. Mackal convinced himself of the worthiness of the expedition when

he did a little poll of the local peo-

ple. He took along pictures of a va-riety of animals, including some

from that section of Africa and

some foreign species like the American black bear, and in the

midst of the sample was a picture

tified all the animals from their re-

gion, including the brontosaurus.

The black bear and other foreign

species they said they had never seen. Mr. Mackal said he spoke to

half a dozen who said they had

Lost World

The region in which the brown-

ish-gray beast is supposed to live is

poorly mapped and virtually unex-plored except by the Binga Pyg-mies who live there. Mr. Mackal

said that the region has changed

very little in the past 70 million

years, "So if there is a relic species,

this would be a good place for it.... It's like a lost world in some

The equipment for the expedi-tion will include a vial of antidote

for the poison from Pygmy blow-

darts, 14 kinds of snakebite medi-

cine, and a receiver that can pick

up satellite signals and process

them along with other data to tell

the explorers their position in the

jungle to within a few yards.
The three explorers plan to go on foot and by cance, with no food

except what they can pick, hook or

bunt, and will be out of touch with

Herman Regusters, an electron-

ics engineer who is taking leave from the Jet Propulsion Laborato-

ry in California, will lead the party into the jungle with the help of a

missionary to the area, the Rev.

ellite receiver and will bring along

half a dozen film and videotape

cameras, including one that can

get bright pictures even on a

a backpack-mounted solar plate that can recharge the battery packs

To power all this, he assembled

The local people say the animal

Mr. Regusters borrowed the sat-

the world for three months.

Eugene Thomas.

moonless night.

over a period of bours.

He said the people readily iden-

of a brontosaurus.

seen mokele-mbembe.

fied as belonging to the animal.

saurs 60 million years ago.

mance in my soul."

vive the mass extinction of dino-

They are paying for the expedi-tion out of their own pockets and with some donations and loaned equipment. The group expects to leave New York at the end of Aug-

Court Delays **New Charter** For Canada

By Henry Giriger

New York Times Service
OTTAWA — July 1 was to have been a climactic day in the politi-cal career of Prime Minister Pierre Elliott Trudeau, Canada's national holiday, commemorating the establishment of the Canadian confederation in 1867, would have been marked this year by the com-pletion of its independence from Britain with the proclamation of a

new constitution. Or so Mr. Trudeau had hoped. The nine judges of the Supreme Court have upset his timetable by not yet deciding on the government's proposals to transform the British North America Act into a constitution controlled exclusively by Canada. Eight of the 10 provinces are bitterly contesting the plan, and six weeks ago the Supreme Court was asked to rule on its legality.

The federal government had been confident that the court would back its position and clear away the last legal burdle before the Canadian Parliament gave final approval to a resolution that would have then gone to the Britisb Parliament for action. As late as 10 days ago, the prime minister was still expressing bope that the July I goal would be met.

Hopes Dashed

But the court announced last Wednesday the final list of cases on which it will hand down decisions Tuesday before it adjourns until October, and the constitution was not on the list. The court has been known to break its holiday and reconvene during the summer, but in any case the hopes for a big celebration July 1 have been

The dispute centers on a request that Britain add a bill of rights hinding on the federal and provincial governments before relinquishing control. Largely because they fear such a bill would cut into their powers, most of the provinces have opposed it. A court in Newfoundland has backed them while courts in Manitoba and Quebec have backed Ottawa. It was the appeals to these decisions that the Supreme Court heard at the

In advance of the ruling, the opposed provinces have served notice that they will not drop their opposition to the proposals. The prov-inces contend that however legal they may be found to be, the proposals are still not legitimate and, in the view of the Quebec government, are even "immoral."

end of April.

Some constitutional experts have expressed the belief that the nine judges are seeking a consensus among themselves so as to avoid a split decision that would aggravate the political divisions in anada. But some of the judges have the reputation of leaning toward provincial rights while others are inclined to favor the federal side, so a unanimous ruling may not be possible.

of speaking Miskito. After the rev-By Alan Riding olution, we made an effort to stim-New York Times Service ulate ethnie pride." But because the region had been

But almost two years later, the Indian region of northern Zelaya province is in turmoil and distrust Now, publishing only in Spanish, Barricada dedicates its columns to denouncing the Indian organiza-tion that has rebelled against the

Sandinista leadership,
"It's a terrible mess," Sergio
Ramirez Mercado, a member of
the three-man ruling junta, conceded, "We've made one mistake
after another."

William Ramirez, the Sandinista problem," he said.
Perhaps the government's big-

Rest mistake has been to ity to in tegrate the 50,000 or so Miskito, Sumo and Rama Indians too suddealy into the rest of the country without taking account of their cultural and ethnic idiosyncrasies. And, as resistance has grown, the Sandinista security apparatus has resorted to heavy-handed tactics

the revolution," said Bishop John Wilson, head of the Moravian Church on the Atlantic coast. "1 say to the Sandinistas, if you want 10 integrate us, you must respect us. If you barge in, you'll get nowhere."

In the absence of development, religion played an important role in the life of the Atlantic coast. The Moravian Protestant Church was invited in by the Miskito king in 1849 and it built the first schools and hospitals in the region. The Roman Catholie Church, expelled by the Miskitos in 1880, returned 33 years later when Capuchin missionaries began traveling in the area.

amendment — if it applied across away, knew little until Sandinista the board to the other branches units arrived to announce that they were in charge.

ally very backward," said William Ramirez, the former guerrilla now in charge of developing Zelaya province. "There was 130 per 1,000 infant mortality, 85 percent illiteracy, entire villages with tubercudoor, and this time he answered losis, without means of communi-"As a good lawyer who did his cation, suffering profound paternalism. Many were ashamed even

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Person State of White House's Policy on Budget Is Seen As Wider Bid to Cut Liberals' Power Base on the House Appropriations Committee, said that President

Reagan discussed this very issue

with Republican leaders at break-fast I0 days ago. As the lawmaker

recalled the president's words:

"li's far easier for people to come

to Washington to get their social programs. It would be a hell of a

lot tougher if we diffuse them and

send them out to the states. All their friends and connections are

A related issue surfaced last

week when the House passed a bill

retaining the legal services pro-

gram as a separate entity, rejecting Mr. Reagan's plan to fold its fund-

ing into a block grant. Over the years, legal services lawyers bave

represented their poor clients by organizing support for expanded

Butz Sentenced

To Jail, Fined in

Tax Fraud Case

The Associated Press

FORT WAYNE, Ind. — Former Agriculture Secretary Earl L. Butz has been sentenced to 30 days in jail and fined \$10,000 on a federal

income tax charge.
U.S. District Court Judge Jesse

Eschbach on Friday also ordered

Mr. Butz to serve probation for the

balance of a five-year term. He had

pleaded guilty to charges of under-

His lawyers said Mr. Butz. 71.

had made complete restitution to

the government, including paying

and said a 50-percent civil fraud

penalty of \$61,183 would be paid

The one-count charge alleged that Mr. Butz's 1978 tax return

stated his income as \$97,814 with

the tax due of \$39,621, when in

fact his taxable income was

\$245,928 and the tax owed was

Mr. Butz, who was agriculture

secretary from 1971 to 1976, ad-

mitted May 22 to the fraud and

time with his family.

the court so long.

dential campaign.

Justice Stewart became eligible

a letter from a high school student

asking him why he bad stayed on

"Started Thinking"

an election year. He decided that

to retire last year would be "very

harmful to the court and the coun-

evitably be drawn into the presi-

White House officials said on

Friday that a decision on Justice

because the court would "in-

back taxes, penalties and interes

stating his income on tax forms.

in Washington.'

WASHINGTON - In recent months the White House has inundated Congress with numbers dated Congress with numbers budget cuts, tax rates, spending Rut while the battle cry budget curs, tax rates, spending ceilings. But while the battle cry has been control the federal budget, a growing group of both parties now believe the real purpose goes far beyond mere figures.

The real struggle in this town

and around the country is one of political philosophy," maintains Democratic Sen. Gary Hart of Colorado. They don the role of gov-Colorado. "They don't just want to cut the budget, they want a mental changes in the role of government. And the president bas ermment about been very straightforward about what he's up to; no one should be surprised. We're so used to changes of 5 or 10 degrees around that when someone says be'll changes of 3 of 100 decrees change things 90 or 100 degrees.

we don't take it seriously."

To some, President Reagan's intention—to remove decision-making from the federal level and center it in the community - is a welcome return to the Jeffersonian ideal of "smaller, more efficient, less intervening government," in Texas, who has been the White the words of Rep. Phil Gramm of House's strongest Democratic ally in the House.

To others, the Reagan ideology represents a wholesale attack on suerrillarin the principle that the federal government has the right and the responsibility to care not and improve the general welfare. sponsibility to care for the needy House Speaker Thomas P. O'Neill Ir., Democrat from Massachusetts, put it this way last week: "It's the first time that a handful of American people — wealthy, in fact, exremely conservative — think they can change the policies of this

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country." The "real struggle" is being and the National fought on many fronts. Last week the most significant involved the proposals to transfer large blocks of federal money to state govern-ments, who would set specifie spending priorities within general categories such as education and told the judge that "there is no jus-tification for what has happened." health. The stated purpose of such block grants is to improve efficiency, but it may also further conserv-

Capital's Liberal Power

Justice Stewart Explains His Retirement, "No doubt," said Rep. Gramm, "the conservative philosophy gets stronger as government gets closer to the people." White House support for the idea was re-emphasized Friday with a proposal for a new package of budget cuts that contained sweeping block-grant language. The strategy flows partly from a strong Republican belief that Washington contains a powerful network of liberal power centers - lobbyists, bureaucrats, congressional staff members and news reporters. Dispersing decision-making responsibility to the states would undermine such forces.

Rep. Silvio O. Conte of Massachusetts, the ranking Republican

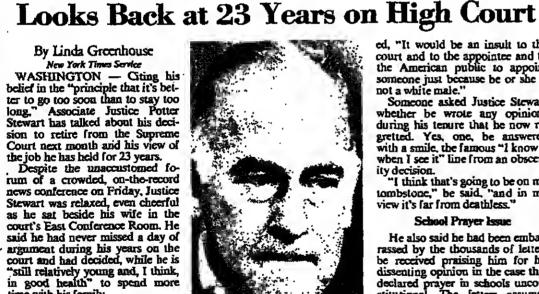
Weaponry Thefts النفار : روايد. المحمد From U.S. Called **Guerrilla Supply**

LONDON — The United States is the world's largest supplier of arms to terrorists and guerrillas . through thefts from its armories, according to a report to be published Monday in London. The Center for Contemporary Studies, an independent body that

reviews social and political trends,

said guns stolen in raids on U.S. Army depots in Europe have end-ed up in Northern Ireland, Bangladesh, El Salvador and other trouble spots. The Army has admitted that

enough arms to equip 8,000 people were stolen from its depots between 1971 and 1974.



That letter, he said, "sort of started me thinking," but he was deterred by the fact that 1980 was

day whether be thought the president should make a special effort to name a woman to the court. His answer was "no." While there are many qualified women," he said, the most important thing is quali-

point," said David R. Gergen, assistant to the president for commu-Justice Stewart was asked Fri-

competence, temperament, ty, competence, temperature, character, and diligence." He add-

to retire at full pay when he turned 65 in January of last year. A few days after that, he said, he received

Justice Potter Stewart

Stewart's successor was not imminent. "There is no short list at this



RIVER RESCUE - Firefighter Dan Huffman helped 16-year-old Joan DeWitt to safety along a rescal line in the Olentangy River north of Columbus, Ohio, while her companion clinging to a tree in the background awaited her turn. Their air mattress snagged in the tree.

ed, "It would be an insult to the court and to the appointee and to the American public to appoint someone just because be or she is not a white male." Someone asked Justice Stewart

whether be wrote any opinions during his tenure that he now regretted. Yes, one, be answered with a smile, the famous "I know it when I see it" line from an obscenity decision

"I think that's going to be on my tombstone," be said, "and in my view it's far from deathless."

School Prayer Issue

He also said he had been embarrassed by the thousands of letters be received praising him for his dissenting opinion in the case that declared prayer in schools uncon-stitutional. The letters assumed that he had dissented out of religious conviction, when in fact his dissent was based "not at all" on his religious views but on "my understanding of the United States

'So far as I'm concerned," Justice Stewart said, "a good justice is a judge whose opinions you can read, and after you read them you have no idea if the judge was a man or a woman, a Republican or a Democrat, a Christian or a Jew, or, if a Christian, a Protestant or a Catholic. You just know be or she

was a good judge."

The "first duty" of a justice, be continued, "is to remove from his judicial work his philosophical, moral, political or religious beliefs, and not to think of himself as being here as some hig philosopher-king. It's nnt a hierarchical organization. Your boss is only the Constitution and the law."

Swing Justice

"I've never thought of myself as a swing justice," he said, smiling, in answer to a question about the label most frequently applied to him. "I've thought of myself as deciding every case correctly." Justice Stewart was asked

whether he would support a constitutional amendment to set a mandatory retirement age for federal judges, who now have lifetime ten-

"Perhaps life tenure isn't ideal." he said, "but it's bard to think of any ideal system. I would not be against consideration of such an Justice Stewart was asked how

he would like to be remembered. Looking abashed, he said softly that it was a question he could not answer. Someone asked it again af-ter the news conference ended and Justice Stewart was heading for the

Monday, June 22, 1981

Flawed Nuclear Safeguards

A kind of war is being promoted between those who think the most reprehensible country in the Middle East is Israel, for bombing the Iraqi reactor, and those who put the heaviest burden on Iraq, for building it. But this is a phony war. Both sides, hoping for advantage, might like it, but there is good reason not to force a choice that has the effect of giving a free ride to pre-emption or to proliferation, as the case may be. The real need is to address the perils in both policies.

For its attack Israel is being severely and, in our view, properly called to account, in particular by the United States, the only country with the political and moral standing in Israel to have its rebuke taken seriously. Tough words - mixed with some exculpatory ones — have come from the White House. The normal flow of arms has been interrupted and the terms of the future flow put under review. The question of what controls should be put on Israel's own nuclear plant is finally out in the open. At the United Nations, Israel has seen the United States make common cause with Iraq in condemning the raid.

The administration has not broken its basic tie to Israel. But it is insisting on conducting an American policy, not an Israeli policy, in a region where its interests are varied and complex. President Reagan, moreover, has begun calling for a "real and stable" peace. which, if it means anything, signifies an intent not previously visible to take up the Palestinian problem as well as the machinations of Soviet power.

Would that the administration had been nearly so resolute in facing the proliferation problem. Here it shows some of the same flaws afflicting the policies of countries using the episode simply to firm up their relations in the Arab world.

Personally, Mr. Reagan grants that the Israelis had "reason for concern" about the Iraqi nuclear program, arguing that they should have come to him so he could lean on France. But the bureaucracy dances away from the question of what Iraq was up to, suggesting there was really nothing to worry about. This is disingenuous.

There is plenty of room to argue over the imminence of the threat and the nature of the Israeli response. But there can be no serious doubt that Iraq was after a bomb.

The evidence for this does not rest on the

In 1974, reformers in Congress won a stun-

ning triumph over a hundred years of hap-

bazard government spending. A new budget

process was instituted to give Congress more

say over economic policy and more discipline

over its own fragmented spending. But the

reform was born a colt with shaky legs. Infla-

tion continued to push the budget above the

levels that Congress set for itself, and old

This year, for the first time, Congress is

going about its budgetary business in ear-

nest. But look who's riding away with the

horse. President Reagan grabbed the reins

only four weeks after inauguration, sending

Congress an urgent plea to help restore the

economy by making deep reductions in pro-

posed spending. In March he sent along de-

tails, and by May, with strong bipartisan

support, Congress put its committees to work

to do what he asked - cut \$36 billion from

the fiscal 1982 budget. The work has been

completed and now Congress will vote on the

results. It's fair to wonder whether the horse

What Congress will consider is called a re-

conciliation bill. It is the most amazing, im-

You remember Iran, the place in the Gulf

that to all intents and purposes skidded off

the American radar screen when the hostages

were freed five months ago? It's back, at least

for awhile. What's happened is that one of

the few figures who seemed somewhat rea-

sonable and likable, if maddeningly unreli-

able, during the hostage crisis has been un-

done. That's the president, Abolhassan Bani-

Sadr, who, just before he went into hiding

and possible flight abroad, was under house

arrest and facing not simply impeachment

It is being said of President Bani-Sadr that

he lacked certain political skills. A more iron-

ic way to put it is that he had an insufficient

grasp of the forces of Islamic fundamental-

ism. Although elected with 76 percent of the

vote early in 1980, he failed to build a party

or firm up a constituency to contest the

mosque-based machine organized by the

mullahs. Nor did he manage to stay on the

sweet side of his erstwhile mentor, Ayatollah

Khomeini, who finally threw him to the dogs.

Seventy-Five Years Ago

June 22, 1906

but death at the hands of a howling mob.

isn't being ridden into the ground.

spending habits were hard to change.

Making Unnatural Haste

Ex-President Bani-Sadr

In the International Edition

easily unmasked misstatements of Israeli propaganda after the raid. It rests somewhat on intelligence assessments of Iraq's intent. It rests even more on massive and uncontroverted facts: Iraq was stockpiling uranium ore but had no commercial nuclear power program. Iraq was acquiring training, technology and equipment in a pattern explicable only if it was making a bomb. All this American officials ignore.

r for a substant of the first of the first of the contract of the substant of

Part of the blindness may spring from political considerations — an understandable desire to recoup the Arab-world losses that Israel inflicted on Washington by its attack. A larger part arises from obtuseness about proliferation. Typically, Mr. Reagan on Tuesday spoke out against proliferation but said he did not think that should "carry over into the development of nuclear power for peaceful purposes." Comforting as it is, the idea that there is a clear separation between the materials, facilities and know-how necessary to make bombs and those needed to make electricity is a fairy tale. There is virtually no separation. It comes down to intent.

Don't worry, respond the national providers and international overseers of "peaceful" nuclear wherewithal, you can trust the international safeguards system. Here is another fairy tale. That system entails a pledge of abstinence and then inspections by the International Atomic Energy Agency. It is shot full of holes. Not only can a country back out of the nonproliferation treaty, but IAEA inspections are carried out only a few times a year, are pre-announced, do not apply to all military-relevant facilities and may be canceled without warning, as Iraq canceled them for a spell in 1980.

True, in some circumstances the safeguards are part of the solution. But in Iraqtype circumstances, the safeguards are part of the problem: They provide a cover for bomb work and nurse the illusion that all is well. It is being said that the Israeli raid "threatens the international nuclear safeguards system." This is like saying nuclear war threatens detente. The raid did not threaten the system. It exposed its weaknesses. Many things must be done by many parties to halt the further spread of nuclear weapons. One is to improve the nnclear safeguards system.
THE WASHINGTON POST.

pressive and in some ways alarming accom-

plishment of the emerging budget process. It

will be possibly 4,000 pages long and will comprise a thousand changes in a hundred

laws, all in one bill. Yet Congress will vote

the measure up or down after only limited

debate, thereby ordering enough changes in

federal programs to hold spending next year

to the ceiling it adopted with the president's

Reconciliation was designed as a way to

The poor, predictably, will be asked to do

Such critiques may have merit. Yet Mr.

Bani-Sadr seemed to many Iranians to be

making an altogether worthwhile effort to

balance the demands of Iranian tradition

against the practical requirements of running

a country, including fighting the war against

the invading Iraqis. He also had assembled,

he reported, 500 dossiers on torture victims.

By Iranian standards, that made him a mod-

erate. The obscurantists and zealots now

It matters little to most Americans where

all this will take Iran. Yet the American in-

terest in a stable, peaceful, prospering and,

when circumstances permit, friendly Iran ex-

ists apart from the diplomatic ups and

downs. Mr. Bani-Sadr was no closet pro-

American. Yet he seemed to have a vision of

his country's future compatible with an even-

tual return to stability and to mutually

respectful relations with the United States.

Those who have forced him out seem deter-

mined mostly to devour their own revolution.

THE WASHINGTON POST.

seem to be in full command.

THE NEW YORK TIMES.

more than their fair share for fiscal austerity.

blessing in May.

barely any deliberation.



China Policy: FX Scarcely Spells Finesse

By Edward Friedman

WASHINGTON - Despite a claim by a Member of the entourage of Secretary of State Alexander M. Haig Jr. in Peking that the Chinese had been "all hearts and flowers" in the brief but important talks last week, Mr. Haig's visit should be understood as part of an attempt at crisis containment. The roots of the potential crisis run deep in the political soil of

Peking, Washington, and Taipei.
In normalizing relations with the United States in December, 1979, the Chinese leader Deng Xiaoping agreed to finesse the Taiwan issue, merely agreeing to disagree over U.S. intentions to continue to sell defensive weapons to Taiwan. China, interested in developing the peaceful commercial possibilities of the Formosa Strait region, immediately reduced military tensions there to the lowest level since the enmity began in 1949.

Mr. Deng's opponents in the conservative, superpatriotic Chinese military are denouncing the Taiwan arrangement as national capitula-

the Taiwan arrangement as national capitulation. These foes - while no public spokesman bas come forward, the foes are numerous and powerful - brand Mr. Deng's followers who put reform, modernization and democratization first - as traitors who are forfeiting China's sovereignty. The arguments offered by Mr. Deng's adherents for strategically accepting long-term compromise as consonant with China's military weakness and its need to defend against Soviet expansionism are mocked as a "pretext of the scum of the nation."

The Deng group is under great pressure to get swift results on nonpolitical ties with Taiwan, Large parts of its affection. iwan. Large parts of its reform program depend on tightening its loose coalition by developing, in addition to existing trade, other relations with the island, including mail, family visits, cultural exchanges and sports.

But Taiwan finds no reason to move in these nonpolitical realms. As Taiwan sees it, main-land politics have been fraught with terrifying twists and reversals. Taiwan insists on the right to wait and see if the new trend in Peking is truly institutionalized. Mr. Deng's difficul-

ties give leaders in Taipei reason for pause.
Peking could add to Taipei's sense of security and perhaps increase Taiper's willingness to act on these nonpolitical matters. It welcomed Taiwan back into the Olympics as China (Taipei) and could use the same formula in international financial institutions. But Deng Xiaoping's opposents may oppose such ges-tures as humiliating capitulationism.

Deng Coalition Threatened

To complicate things further, normalization of relations between the United States and China came with secret suddenness. It was not cansed by American constituencies insisting on a needed and enlightened improvement in the U.S. international position. Consequently, many in Washington worried (unnecessarily, I believe) that the Carter administration might sell out Taiwan.

In response, in March, 1979, Congress passed the Tarwan Relations Act, which expressed the "clear ... expectation that the fu-ture of Taiwan will be determined by peaceful means." Candidate Ronald Reagan promised to restore official relations with Taiwan, and Taiwan came to expect that a Reagan adminis-tration would sell it the advanced FX jet fight-

These U.S. imitatives threatened the way Washington-Peking normalization had finessed the Taiwan problem. The switch threatened the Deng coalition, leaving it more vulnerable to accusations of national betrayal.

Military conservatives used the Taiwan issue to oppose Mr. Deng's reform program—which included worker self-management, expansion of freewheeling rural markets, local elections, decentralization of power, a further opening of newspapers and culture and religious contralization. ion — as reactionary, unpatriotic Westerniza-tion. This can place China's new political orientation at risk.

entation at risk.

All this seems absurd considering what normalization has reaped. Peace flourishes in the Formosa Strait region. Tensions in Korea have eased. Peking and Washington coordinate common strategic interests against Soviet expansionism. China has gained science, technology and cheap capital, which provide economic underpinnings for long-term raising of its standard of living. Taiwan has won new profitable trade with Europe and the mainland, which offsets the ill effects of international rewhich offsets the ill effects of international re-

cession and high oil prices.

China has become, overall, America's third-ranking market in Asia, and it ranks first in cotton and wheat. More military and high-

technology trade is in the offing.

But the gains are a bit fragile. They could be reversed if Washington sold the FX to Taipei, if Peking kept pressing for more nonpolitical relations with Taipei immediately, and if Taipei continued insisting on provocative mili-tary and political symbols of Washington's good faith.

Edward Friedman, a professor of Chinese poli-tics who is on leave from the University of Wis-consin, is a member of the staff of the Subcom-mittee on Asian and Pacific Affairs of the House Foreign Affairs Committee. He wrote this article for The New York Times.

Intellectuals Quietly Astir in Hungary

By Leopold Unger

BRUSSELS — For the Russians Home force congressional committees to live within the budget ceiling as the legislative year end-D sians, Hungary is the land of the three miracles: It invented a ed. But Ronald Reagan has invoked it from the start of the process, thus pushing Conmagic cube puzzle with 3 billion possible solutions; it discovered a gress to make all those spending cuts with lotion that apparently really works against loss of hair, and it developed an overtly Communist re-There is something to be said for this stratgime that has the highest standard of living, culture and liberty in the egy. It has enabled Mr. Reagan to act quickly and enabled Congress to do some long-over-Soviet bloc and can allow itself the due budget-chopping. But such speed and houry of applying unpopular mea-sures — price increases, for exam-ple — without fearing a Polishcomplexity are bound to generate mistakes - and injustice. Washington's ablest lobbytype rebellion. ists have managed to protect their interests.

Yet if Hungary is now on the front pages of Soviet newspapers, it is for another reason. Tass has just widely distributed the major part of a long editorial published by Nepszabadsag, the organ of the Hungarian Communist Party, on the situation in Poland.

The Hungarian daily made no effort to alter the text imposed by Moscow on all Communist news papers. The Kremlin demanded publication in full of the letter-ultimatum that Soviet President Leonid Brezhnev had sent to the Polish Communist Party warning it of an "evolution leading to a na-

The Romanians did not bother reprinting the text. The East Germans and Czechoslovaks went out of their way to adorn the text to please their masters. But Tass chose the Hungarian reproduction to quote a warning to the Poles about "giving in to the class enemy

and being soft in the war against counter-revolutionaries." And Tass added that the Hungarian editorial expressed the "concern of

Hungarian public opinion." Nothing could be further from the truth. The Hungarian newspa-per printed the Brezhnev letter and trite commentary as a show of loyalty on the part of the Budapest authorities. But if Hungarian public opinion is worried, it is not for the reason implied by Tass.

Hungarian authorities have been extremely cautious in their attitude toward the Polish crisis. The traditional friendship between Poland and Hungary — in 1956 only the Poles tried to offer help to the Hungarians being massacred by the Red Army — makes every Hungarian gesture toward Poland a delicate matter.

At the same time, all Polish influence on Hungary is worthy of note, and is being noted, by interested neighbors. So it is with the group working with Andra Hogedus, the country's last premier of the Stalinist period and today the least conformist of all Hungarian sociologists. What Mr. Hogedus is currently suggesting is that Hungary should look into plu-

This does not mean a multiparty system. But Mr. Hogedus sees the "Polish compromise" as a possible path to follow toward a third type of real Socialism, after the Soviet model and the one created in Yu- profound indifference. Clearly this goslavia

Another indication of the "concern of Hungarian public opinion" can be seen in the clandestine distribution of a 1,000-page report by 77 Hungarian intellectuals, including a number of Communist Party members and Hungary's bestknown poet, Gyula Illyes. Each of these intellectuals declares in his own way, without knowing what the others had to say, that the

Communist king has no clothes. A Rehabilitation

The report is formally dedicated to the memory of Istvan Bibo, a former minister who was sentenced to life in prison after the Soviet invasion in 1956. Released in 1963, he died in 1979 without having been rehabilitated by the regime. This report has become his rehabilitation, but it goes much further. It demonstrates that there is an inherent incompatibility between Communism and democracy and points to directions that the regime could take and which appear to be close to the one on which Poland has now embarked. The authors of this report dis-

cuss a major question for their nation: Does Hungary belong to Central or Eastern Europe? The question is not one of geography but of politics. For if Hungary's roots are in the centuries-old tradition of Central Europe, then the harvest is one of liberalism and social democracy. If Hungary was born of Eastern Europe, then it is the Byzantine tradition of totalitarian antocracy that has made its history.

The choice of 77 authors may not be a haphazard one and is very likely linked to the Charter 77 movement in Czechoslovakia, a fundamental movement for human rights and the promotion of nanonal identity. Basically, the report concludes that the current regime in Hungary was imposed by a foreign power and has no national basis. The authors say openly that some responsibility lies with Hungarian intellectuals, who, with few exceptions, kept silent for years in

is no longer the case.

The Hungarian regime has re-acted to this report with great caution. The government wants to avoid antagonizing Moscow and prevent any Polish type of popular movement.

its reaction came in two forms. First the carrot, with an announcement that the workweek will be reduced to five days in the near future and that labor unions will be given greater prerogatives. Then

the stick, with creeping repression.
The Joseph Attila Young Writers Association was suspended when some of its members asked for permission to visit Poland. Selectively, the government for-bade travel abroad to some, imposed an 8 p.m. curiew on others. and barred others from walking on certain streets of Budapest.

Slight Fallout

None of this is as serious as the repression in Czechoslovakia, nor is the tension anywhere near as high as in Poland. Workers in Hungary seem to care little about politics. The Catholic church, whose leader, Cardinal Istvan Lekai, does not have the stature of a Cardinal Wyszynski, appears to be unconcerned by the state of government affairs.

Only the intellectuals seem liable to be affected by the germs of democracy wafting from Poland. Contrary to what Moscow had feared, there was no automatic fallout from the Polish explosion. For political, social and psychological reasons, the graft of democracy on a Communist body seemed to take only in Poland.

But it may be just a question of time. Liberty is contagious and the Hungarian government remembers the reform movement of 1956, which started out as a debate among intellectuals. It also knows that before the independent union. Solidarity was formed, the situation in Poland was being criticized by a Workers' Defense Committee. KOR, that was then composed of 35 intellectuals.

01981, International Herald Tribune.

Investing Prague's Old Gold

By George F. Will

WASHINGTON — Now comes what surely will be the final installment in the longrunning but little-noticed story of the Czechoslovakian gold, a drama that asks the question; Is even Sen. Daniel Moynihan, the Democrat from New York, a bit soft on Czechoslovakia? In 1948 the Communists seized

power in Prague and expropriated all property owned in Czechoslo-valua by U.S. citizens. Commn-nism always is theft, but this theft involved a peculiar problem. There was in the United States nearly 9 tons of gold belonging to Czechoslovakia. It was part of the gold captured by the U.S. Army when the Third Reich collapsed, and was awarded to Czechoslovakia by an international commission. In response to Czechoslovakia's expro-

sponse to Lzechoslovakia's expro-priations, President Truman blocked the gold. In 1958 a U.S. government agen-cy placed a value of \$113.64 mil-lion on U.S. citizens' claims against Czechoslovakia. The United States seized and sold steel mill equipment belonging to Czechos-lovakians and distributed the \$8.5 million in proceeds to claimants, leaving a balance owed of \$105 million. Today many claimants are elderly and in need; others have died without receiving justice. In 1974 Czechoslovakia had the

effrontery to offer \$20.5 million to settle the \$105-million debt, plus any unadjudicated claims by other U.S. citizens. The \$20.5 million was to be paid over 12 years and without interest. The State Department, full of the spirit of detente, thought that offer was dandy.

Congress objected and stipulated by statute that the gold must be

held until a settlement is approved by Congress. The Senate Finance Committee said: "The United States simply cannot afford to proclaim ... that expropriations of U.S. properties will quickly be forgotten if the taking nation ultimately offers a relative pittance in

33 Years On

Patience is a virtue but not as practiced by the State Department. It has been negotiating, intermittently, since the year the Boston

Braves won the pennant.
For 33 years Czechoslovakia has had the constant and cost-free use of American assets. Evidently the State Department did not negotiate at all between 1974 and 1980. But in 1980 Sen. Moyniban be-

came, as he is wont to do, aroused. He proposed legislation to give Czechoslovakia 60 days to reach a settlement agreeable to Congress.
After the deadline, the gold would be sold, the proceeds would be invested, and the yield distributed until all claims had been paid.

Then the invested principal would be given to Czechoslovakia. Twice last year the State Department urged Congress not to pass Sen. Moynihan's bill because serious negotiations were supposedly at hand. A year later we are, of course, no closer to an acceptable settlement than we were 33 years

ago. Czechoslovakia's intransigence persists, in spite of the deter-mined diplomacy of the State Department's most recent negotiator. Ambassador Rozanne Ridgeway. The Senate Finance Committee has unanimously approved a Moy-nihan, bill. The House version seems to be sailing toward passage.

The State Department says it will decide by June 30 whether to support it. Surely only a sinister force could cause Al Haig to oppose it.

Compound It All

it should, however, be improved. Homer nods and even Moynihan errs. He has been exemplary on this issue, but he should toughen the terms. U.S. relations with Czechoslovakia can hardly get worse while Czechoslovakia is serving as the Soviet Union's surrogate bully regarding Poland. So let's try a little linkage.

The bill should stipulate that the

sum owed is not \$105 million. The value of the property should be calculated in 1948 dollars, then recalculated allowing for 33 years of compounded inflation, with 33 years of compounded interest added on. Then a fee should be added to reimburse the U.S. government for its time and labor.

Furthermore, the bill should stipulate that the invested funds from the sale of the gold must remain invested until they have gencrated enough interest to reimburse all those who left property in Czechoslovakia when they fled to freedom in 1968.

And even when all such claims have been paid, the invested funds should remain invested until the president certifies that Czechoslovakia is in complete compliance with the Heisinki agreements, of which it is a signatory. That means freedom to travel, free access to communications, and general freedom from repression for the Char-ter 77 dissidents and all other Czechoslovaks.

Given this requirement, the invested funds would remain invested for a while: 01981. The Washington Post,

-Letters

Afrikaner Genealogy

The story (IHT, June 17) about Afrikaners not being keen to have their lineages traced, which quotes the head of Debrett's Peerage as saying that this is so out of fear of discovering a black ancestor, is just not true. Afrikaners are proba-bly one of the world's best documented peoples, if not the best. There is not an Afrikaner unable to tell you where his aucestors came from - be it Holland, Germany, France, Britain, Lithuania

I would say it is a case of Debrett's Pecrage just not being needed in South Africa. Apart from meticulously kept Dutch Reformed Church archives, there is the excellent South African Genealogical Society in Cape Town, which will supply any South Afri-can with a complete family tree for a very small fee of around \$10, There is also an up-to-date register of South African families, which makes it child's play to trace

South Africans are interested in genealogy. Actually, it fascinates them. For instance, I am an I lthgeneration Afrikaner, with a fore- Paris.

father who arrived at the Cape in 1662 from Oldenburg, Germany. With the help of the South African Genealogical Society I have traced altogether eight European-born ancestors. The last arrival was a grandfather who came from Poland in 1886 aged 11. MARILYN TOMLINS.

Doing Business

Re the fine article by Bill Brock No Wonder No Exports" (IHT, May 29): A few years ago, when the subject of bribery was first being splashed across the headlines of the world, a member of the British Parliament stood and asked, "What about this matter of Middle East bribery now being reported?" Another member rose and answered, "In that part of the world, that is the way they conduct business." Both men resumed their seats and the session went on to other matters.

Are we U.S. do-gooders naive, ignorant or just much too holier-RISA SUSSMAN.

Katharine Graham Arthur Ochs Subberger Co-Chairmen

John Hay Whitney

Herald Tribune

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DRESDEN - Widespread satisfaction has been caused by the engagement of Prince Johann Georg and Princess Marie Immaculata of Bourbon-Sicily. Society especially is pleased and

hopes the wedding will take place before next winter so that the Court festivities will have the presence of the bride. The princess is looked to as an important addition to society. A young Royal lady is much needed here, as the Queen Dowager goes virtually nowhere and Princess Mathilde goes out into society as little as possible. It is reported that Princess Marie Immaculata is fond of music, a fact that will help to endear her to the residents of a city where opera and music play such an important part.

Fifty Years Ago

BERLIN - Dr. Julius Curtius, the German foreign minister, announced tonight that the German government, through its Washington embassy, has consented officially to President Hoover's plan for a one-year debts and reparations holiday. "Germany," said Dr. Curtius, "receives President Hoover's suggestion gratefully." If the plan is made effective, Germany's hurden will be decreased 1,500 million marks during the year beginning July 1. But the Reich will benefit only by 840 million marks, as the remainder will go to the railroads because of their share in reparation payments. The most dignified government officials today scarcely concealed their jubilation

over Mr. Hoover's action.

rash Walesa Exhorts Poles to Give Id Government a Chance to Rule Government a Chance to Rule with a definitive economic recovery program. with a definitive economic recovery program. with a definitive economic recovery program. the offing. Their attention to been focused mainly on the builting to the party congress open

path as Poland enters a new phase of crisis, has again called on the country to give the Communist government a chance to rule.

Mr. Walesa issued the appeal Saturday night in one of his long-est television appearances, made during the period of preparation for next month's emergency party

He reiterated a message he had emphasized during a recent counrrywide tour, saying that that his union sought peaceful coexistence with a strong government.
The government must rule and

it must be strong... Let's give the government a chance to rule," the union leader said.

Mr. Walesa's remarks appeared also to be a criticism of the govern-ment, which nearly a year after workers launched a protest strike movement has still not come up

ried out last month by the official Public Opinion Research Center, whose results were reported in the latest issue of the weekly Kultura.

Poles placed their confidence

first in the Roman Catholic Church and secondly in Solidarity, according to the report. The army, parliament, council of state and vernment came next in order. The Communist Party was last nn

Mr. Walesa's message of moderation appears to have had an effect. In recent weeks there has been a relative absence of friction between the authorities and Solidarity even though East bloc critics continue to argue that Solidarity extremists are bent on destroy-

ig Communist power.
Poland's Communist leaders have agreed in public with this

Soviet Aide Links Poland, Western Plans on Missiles

MOSCOW - A leading spokesman for the Soviet Communist Party has linked developments in Poland and plans by the West to deploy new medium-range nuclear weapons in Europe as attempts to undermine the Warsaw Pact

In a speech Saturday on Soviet television, Leonid M. Zamyatin, chief of the International Information Department of the party's Central Committee, specifically accused West Germany of designs in this direction.

Mr. Zamyatio gave an often emotional version of events in Poland that was based on claims that extremists in the Solidarity inde-pendent trade union might try to alter the Polish Communist Party or even divide it at the party congress next month. He then declared that only the Warsaw Pact offered safeguards for Poland's

frontiers and security. "It is not accidental, therefore," he continued, "that the imperialist forces are now striving not only to saturate Western Europe with me-dium-range missiles, but also to take advantage of developments in Poland in order to weaken the Socialist community, to try to under-mine somehow from within, through Poland, the defense potential of the Warsaw Pact countries.

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t sumpounds

"Such is the policy of the imperialist powers. And certain forces, including those in the Federal Republic of Germany, are now trying to profit by this."

Mr. Zamyatin showed viewers a West German map that showed portions of Poland that were part ish soil.

By Robert C. Toth

Los Angeles Tones Service

in orbit last week of two of the So-

viet Union's largest satellites that

are capable of carrying men is de-

scribed by U.S. military sources as

the precursor of a large Soviet

space complex that can be expect-

Besides showing the continued fast pace of Soviet space efforts, the joining of the Cosmos-1267

and Salyut-6 stations on Friday

was viewed by the sources as an example of Soviet hypocrisy in

contending that the U.S. space shuttle program had started a

"At least 75 percent of Soviet sa-

tellites are totally dedicated to mil-

itary missions and another 15 per-

cent serve dual military and civil purposes," an administration offi-

Intelligence Community

The U.S. intelligence communi-

ty had predicted several months

ago that the Soviet Union would

soon launch a new military space

station whose cosmonauts would

conduct photo and visual recon-

naissance, early warning duties

To Sign Deal for

Austrian Tanks

New York Times Service BUENOS AIRES — Argentina has signed a \$180-million contract

in Paris with an Austrian arms

firm to buy 57 tanks, according to

In the meantime, the Socialist

government of Austrian Chancel-

lor Brunn Kreisky announced Fri-

day that it has approved the sale by the Steyr-Daimler-Puch Co.,

apparently closing what has be-come an issue both in Argentina

Government spokesmen in Vi-

enna had denied reports of an im-

minent sale last week, but some la-bor leaders, parliamentarians and

youth groups have said they will seek to block it because of the

human rights record of the Argen-

time military regime. The 57 tanks, light vehicles known as tank destroyers, had originally been made

as part of an order for Chile, but

that order was canceled last year

The Argentine government has been silent on the deal. The tanks

are destined for the southern part

of the country and are part of a

two-year-old military buildup in

continuing tensions over a bound-

ary dispute with Chile in the Bea-

gle Channel, at the southern tip of

The boundary dispute has been

under the mediation of Pope John

Paul II since the two countries al-

most went to wal in late 1978.

after similar opposition.

and in Austria.

sources close to the agreement.

Argentina Said

ed to have military uses.

new arms race in space.

WASHINGTON - The linkup

of Germany before World War II.

This, he suggested, demonstrated German designs on Poland. His comments were regarded in Moscow as a contribution to the continuing Soviet pressure on Poland's Communists to resist those who are seeking extensive demo-cratization of the party at the con-gress, which is scheduled to begin

July 14.
However, his allegation of Western efforts to exploit the events in Poland were among the most de-tailed claims of a security threat to the Soviet hloc yet made hy a Sovi-

et spokesman. Mr. Zamyatin linked his references to West Germany to the 40th anniversary, on Monday, of Nazi Germany'a invasion of the Soviet Union, and he proceeded to criticize Bonn's military policies.

Citing various neo-Nazi organizations and leaflets that he said were afield in West Germany, he declared that "the spirit of revanchism and neo-Nazism is alive in the Federal Republic of Germa-

From this statement, Mr. Zamyatin proceeded to a detailed catalogue of West Germany's military capability, a juxtaposition ap-parently intended to connect neo-Nazism with West German military strength.

Although Mr. Zamyatin left un-clear how he felt West Germany intended to exploit the Polish situation, he made a point of recalling that Nazi Germany began its inva-sion of the Soviet Union from Pol-

The two-module station now in

orbit, which weighs an estimated

32 to 36 tons, will apparently not

be visited by cosmonauts, although

U.S. sources have not ruled out

The Soviet press agency Tass an-nounced that the docking mission

was "designed to test systems and

elements of the design of future

spacecraft and methods of assem-

bly of orbital complexes of a big

was launched in 1977 and has been

Vehicle Refurbished

parted Salyut-6 on May 27, Mos-

cow announced that the vehicle

would not again be occupied by cosmonauts. U.S. sources are

somewhat skeptical on that point,

however. Although some structural buckling has occurred in Salyut-6, they said, the vehicle has also been

Cosmos-1267, the second part of

the new station, was launched April 25 with the same large rocket

that has carried Salyut-sized craft.

The Soviet Union gave no details

of its size, but it was assumed to be the same weight as Salyut — about

However, Cosmos-1267 ejected a moderate-sized section that para-

chuted back to earth on May 24. Telemetry from the satellite was similar (in frequency, pattern and tone) to that used by Soviet

manned spacecraft, according to Charles Sheldon, the Congression-al Research Service's expert on So-

The ejected capsule, presumably

capable of carrying a manned crew, probably weighed six to 10 tons, Mr. Sheldon speculated. The

Ariane Satellites

In Proper Orbits

PARIS - The Indian and Euro-

pean satellites launched by the Eu-

ropean Ariane launcher are in

good condition and in their

planned orbits, the European

Space Agency said during the

They were the first high level sa-

tellites launched independently of

the United States and the Soviet

Union. The launch Friday from

French Guiana was the third test

flight of the Ariane rocket and the

The Indian experimental com-munications satellite, called Apple,

is being controlled jointly by an ESA center in Darmstadt, West

Germany, and the Indian center at

Shar. The other satellite, for weather monitoring, is also being

controlled by the West German

first to put up satellites.

21 tons - when launched.

viet space activities.

When the last cosmonauts de-

host to a score of cosmonants.

Salyut-6 is a 21-ton station that

ed sensors.

that possibility.

size and weight."

In another development, the PAP news agency reported that Polish President Henryk Jablonski was elected a delegate to the congress. The head of state was elected at a party meeting in Tarnow, despite his earlier statement that he would not stand for election.

PAP also withdrew a report that hard-line Politburo member Tadeusz Grabski had been elected a delegate Sunday at a party meeting in Kalisz, central Poland. The agency said Mr. Grabski had not stood for election and eliminated its original story.

During a stormy Central Committee meeting June 10, Mr. Grab-ski and other hard-line members of the leadership challenged party leader Stanislaw Kania, whn was elected a delegate to the congress

at a meeting in Krakow last week. Mr. Grabski said at the Central Committee meeting that the present membership of the 11-man Politburo under Mr. Kania's leadership was unable to guide Poland out of its crisis, an apparent indi-rect call for his removal.

But the committee rejected a motion that it put the Pulitburo to a vote of confidence and there were no personnel changes at the

Afterward, Mr. Kania reiterated Soviet concerns over the elections of inexperienced party members as delegates to the July congress and urged party members in send the current leadership there for the delegates' assessment.

Delegate List

So far, at least four members of the party leadership have either failed to win mandates to the congress or taken themselves out of the running. Current leaders who have been chosen as delegates so far are Mr. Kania, Premier Wojciech Jaruzelski, full Politburo members Mieczyslaw Moczar, Mieczyslaw Jagielski, Kazimierz Barcikowski and alternates Tadeusz Fiszbach and Roman Ney.

Meantime, three bunger strikers ended a 19-day fast after the Catholic Church pledged to pursue their bid to win elemency for two brothers jailed nine years ago for blowing up a building, the Solidarity-sponsored Committee for the Defense of Prisoners of Con-

Hospital officials in Katowice. where the protest began June 1, said Krystian Roczniok, 24, Albin Bialon, 37, and Maria Moczulska, 42, took liquid foods Saturday and were in excellent condition but would remain hospitalized for a week. A fourth hunger striker, Tadeusz Kicki, 44, entered the hospi-

Linkup in Orbit of 2 Soviet Satellites Seen as Step Toward a Space Complex in orbit should therefore

weigh 32 to 36 tons, less than half

Skylab that was launched in 1974

to rule out visits by cosmonauts to

the new station, others were confi-

dent that its mission was the re-mote testing of mechanisms for fu-ture spacecraft designed to be

Aviation Weck & Space Tech-

nology magazine has reported that,

in the view of U.S. experts, the So-vict Union is aiming for a 12-man,

110-ton space station to be perma-

nently occupied by rotating crews

gram is totally integrated with and

subservient to the military programs, U.S. officials said. "In the future we expect that they will

have a new military space station in service and probably, in the

longer term, a new, reusable space system — not unlike our shuttle

but probably much smaller initial-

ly and less technologically sophis-

The Soviet civilian satellite pro-

sophisticated, sources said.

linked into one large station.

by the mid-1980s.

ticated," he said.

weight of the 77.5-ton U.S.

the working sessions of the Standing Commission. Egypt was suspended from the Arab League in 1979 after it

and returned to Earth last year. All signs also suggest that the new So-viet station is far less technically apparent that President Anwar Sadat retains considerable popularity Although some sources refused

Grenada Closes

ban would continue until his goverament formulates a new press policy. The ban was disclosed after the closure Friday of the new independent newspaper, The Grenadi.

The 26 owners of the Voice also were accused of issuing five counterrevolutionary pamphlets during the past six months.

Pamela Hansford Johnson, **English Writer, Is Dead** tack while vacationing with his wife at Antibes on the French Riviera. Mr. Busignies, a natural-

LONDON — Pamela Hansford Johnson, 69, English writer and widow of C.P. Snow, the novelist, playwright and scientist to whom she was married for 21 years, died last Thursday. Her death came al-

OBITUARIES

most a year after that of Lord Snow, who died July 1, 1980, at age 74.

Critics generally found her novels perceptive and often more literary than her husband's, although her work never achieved the popularity of his. Anthony Burgess, the novelist and critic, once described Miss Johnson's novels as "witty, satirical and deftly malicious."

Her novels included "An Impossible Marriage," "The Sea and the Wedding," "The Unspeakable Wedding." "The Unspeakable Skipton," "The Good Husband," "The Honors Board" and "Night and Silence, Who Is Here?" Her study on the American novelist Thomas Wolfe was published in the United States as "Hungry Gui-

Henri Gaston Busignies PARIS (NYT) - Henri Gaston Busignies, 76, whose more than 140 inventions in aerial navigation helped guide aircraft the world over, died Saturday of a heart at-

ized U.S. citizen whn was born in France, was senior vice president and chief scientist of International Telephone & Telegraph until be re-tired in 1975. George Erwin

been the agency's inspector general since 1977, said the reports had been routinely circulated to con-gressional committees since they TEANECK, New Jersey IUPI) — Jazz musician, George "Pee Wee" Erwin, 68, who played trum-

pet with both the Benny Goodman and Tommy Dorsey bands, died

Lotte Reiniger

LONDON - Lone Reiniger, 82, the German filmmaker credited with making the world's first full-length cartoon feature, "The Adventures of Prince Achmed," in 1926, died Friday in Dettenhausen, West Germany, her biog-rapher, Paul Gelver, said Saturday. will last.

began to appear early this year. U.S. B-52s in Darwin To Monitor Russians

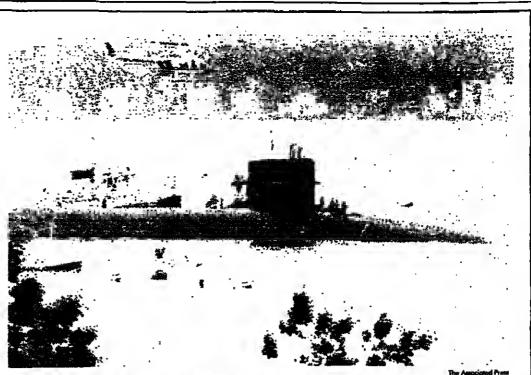
United Press International
SYDNEY — U.S. B-52 bombers
are scheduled to begin weekly surveillance flights out of Darwin, Australia, to monitor Soviet naval activity in the Indian Ocean.

Flight operations start Monday, a Royal Australian Air Force spokesman said Sunday. He did not say how long the monitoring

WORLDWIDE ENTERTAINMENT

Th. CHAMPS-ELYSES - TOMORROW NIGHT=

AT THE PIANO: BRUNO CANENO



TEST RUN — Accompanied by pleasure boats, tugs and a helicopter, the Trident submarine Ohio returned to port in Groton, Conn., during the weekend after three days of sea trials.

Arab Bank Director Is Cool to OAU Call For Afro-Arab Summit on Aid, Oil Issues

among African leaders. Many of

these view Egypt as presenting a

counter in the perceived adventu-

Moreover. Egypt has long had

an active foreign policy in black Africa, and it has sent teachers,

technicians, physicians and mili-

tary advisers to several black Afri-

nations attending the OAU sum-mit session said Arab nations have

not sufficiently helped poor black

African countries that severed

their relations with Israel at the

Uganda and Kenya, for exam-

ple, used to have major programs

of technical assistance set up by

By Juan de Onis

New York Times Service

considering the administration's \$6-billion, foreign-aid request.

The Agency for International Development, which administers

foreign aid, has asked for \$107 mil-

lion in fiscal 1982, beginning in

October, as the U.S. share of an

international development pro-

gram for the region. The program provides about \$1 billion a year to Chad, Niger, Upper Volta, Mali, Gamhia, Mauritania. Senegal and

the Cape Verde Islands. The area

is the poorest in Africa with an av-

erage per capita annual income of

\$200 among its 30 million people.

caused the deaths of tens of thou-

sands of people in central and

western Africa, decimated cattle

herds and created a refugee popu-

agency's participation in the pro-gram in four years, conducted by the agency's inspector general's

office, 13 projects were reviewed.

Accounting of funds was seriously

and the region's ability to absorb

Major Criticisms
The auditors reported, for example, that they could not find \$2.6

million in local currency allotted

by the agency to a grain price-sup-port project in Upper Volta. They reported that \$13 million had been spent on an unsuccessful livestock

project in Mali. And the auditors

said a \$4.6-million cereal produc-

tinn project in Senegal, for which

the agency bad requested an addi-tional \$7.7 millinn, had not raised

In two major criticisms, the in-

spector general's report said local

officials lacked adequate financial

control to account for the spend-

ing of agency funds and that as-sistance levels were unrealistic be-

cause pledged funds exceeded the

ability of recipient governments to manage and support projects. The report said, "There are se-

rinus shartcomings in the local en-

tities' financial practices which in-dicate the cost in terms of waste and misuse of AID and other do-

nor funds is potentially in the mil-

lions of dollars." It said that only

half of the 600 projects being con-sidered or under way should be

Herbert L. Beckington, who has

grain output.

inadequate, the review disclosed

foreign aid was questioned.

fn the first major audit of the

lation of millions.

urging of the Arab world.

Several leaders of black African

Oadbafi.

can countries.

By Pranay B. Gupie New York Times Service

NAIROBI - Foreign ministers fram the 50 members of the Organization of African Unity overwhelmingly approved a resolu-tion over the weekend calling for a summit meeting of Arabs and black Africans to sort nut their

Hours later, Chedli Ayari, head of the Arab Bank for Economic Development in Africa, said he saw nn immediate prospect for

such a meeting. Instead, Mr. Ayari said Saturday, efforts are being made to re-vive the so-called Standing Commission consisting of members from the OAU and the Arab League to discuss Arab-African is-

Black African leaders are voicing increasing concern that relatinns between their nations and the Arab world bave deteriorated to a point where major political steps need to be taken to aven a crisis.

Disappointment

At the heart of this crisis is a belief hy many black African nanons, particularly poorer ones such as Uganda, Ghana and Zambia, that the oil-producing countries of the Arab world have long promised major infusions of financial aid as well as significant con-cessions in oil prices, but that these Arab nations have not come through adequately in meeting their pledges.

The Standing Commission has long been moribund. Moves to set up a working session have been stymied by the fact that Egypt is a member of the commission, and many Arab nations, opposed to the Egyptian-Israeli peace treaty, have refused to attend any meeting with Egyptian representatives.

Peter Onu, assistant secretary-general of the African organiza-tion, insisted Saturday that since egypt was a legitimate member, it must be allowed to participate in

signed the peace treaty, but it is

All Newspapers

ST. GEORGE'S. Grenada -The People's Revolutionary Government of Grenada bas passed legislation banning the printing of newspapers for at least a year, Prime Minister Maurice Bishop

He told a rally Saturday that the

Of Funds for Sub-Sahara In the House Foreign Affairs Committee, which approved a spending authorization bill for the WASHINGTON - An audit of 1982 aid program, the reports led U.S. aid programs in sub-Saharan in adoption of an unusual amend-Africa that reported waste or misment that prohibits sending money use "potentially in the millions of to sub-Saharan countries unless dollars" has raised concern in conthe agency's administrator, Peter McPherson, determines that the gressional committees that are

the Israelis, particularly in farming and engineering. The black Afri-can leaders complain that although

a year, according to Mr. Ayari -

is simply not enough in overcome the fuel bills that they are increas-

Mr. Ayari defended Arab aid to

Africa by saving that so far such

aid represented 12 percent of the

total Arab assistance to the Third

ingly being required to pay.

poor Africans.

U.S. Audit Shows Misuse

recipient government can maintain accounting control over the funds. AID and State Department officials, testifying this month in sup-port of the \$940-million request for economic and military aid to Africa, told the House Appropriations foreign operations subcom-mittee that AID offices had been told to develop training programs on management and auditing for

Death Toll Now at 42 The development program was In Spanish Epidemic

The Associated Press MADRID - The death toll from a mysterious epidemic in Spain has reached 42 following the deaths Friday of five persons, three of them in Madrid, the Health Ministry has announced.

The ministry said 8,254 persons had been hospitalized for treatment since May 1, and that about 2,000 of them remained hospital-

Italians Charge 22 In Masonic Scandal

ROME - More than 20 leaders of the secret Propaganda Due Masonic lodge, the revelation of which brought down the Italian government last month, have been indicted on charges of political conspiracy and acts against the

Deputy chief prosecutor Domenico Sica, who is leading the inquiry into the P-2 lodge in Rome, described it Saturday as a criminal association whose controllers had "maliciously manipulated facts and events... with the aim of carrying out their planned illegal program.

He issued summonses against 22 members of the lodge, including its grand master, Licio Gelli, who fled earlier charges of political espionage and is believed to be in South America, and four former secret service officers.

Among them were Mr. Gelli's right-hand man, Col. Antonio Viezzer, and Adm. Mario Casardi. who was chief of the secret service until its reorganization after a scandal six years ago.

All those named, except Adm.

Casardi, are accused of a political conspiracy in which Mr. Gelli was named as the ringleader. They were charged under a section of the penal code dealing with attacks on the constitution and armed in-

they provide the Arab world with surrection against the state.

The indictment also says that they and nthers so far unidentified often-vocal support on the Palestine issue, by pursuing high-price policies the oil-producing Arabs planned further "crimes against public and judicial administration, public confidence, personal rights, African leaders bere assert that property, financial regulations and the volume of aid given by Arabs to black Africa — about \$1 billion

arms laws."
To these ends, said the prosecutor, P-2 "took on a peculiar char-acter of secrecy and rigid compart-mentalization." The lodge's activities have been linked by investiga-tors to financial scandals, including the fake kidnapping of fugitive financier Michele Sindona. Magistrates said that Mr. Gelli "had constructed a very real state within the state."

Mr. Sica said many of P-2's members were unaware that it bad been suspended from Italian Freemasonry several years ago. He said many more people named on the published membership list were never part of the P-2 but had been put on the list by Mr. Gelli and his associates without their

knowledge. Mr. Sica said P-2's leaders had used deception, blackmail and

Russian Radios Seized in Dacca

DACCA, Bangladesh - Customs officers at Dacca's international airport have seized a consignment of high-frequency transmitters and other radio equipment that the Soviet Embassy was trying to import into Bangladesh. airport security sources said Sun-

They said a special Aeroflot cargo plane landed last Tuesday night carrying the goods along with 10 tons of building materials in crates came suspicious when embassy personnel tried to take the goods out of the airport without getting permissinn from airport authorities. Airport staff scuffled with the embassy personnel and, with the help of police, overpowered them, the sources said.

Soviet Embassy officials later told airport authorities they had no knowledge of how the equipment came in be in Dacca.

or tolerate illegal acts or to omit those that could have harmed their criminal association." The indictment repeated the charges of political espionage that Mr. Gelli and Col. Viezzer aiready face.

Through the secret service chief the conspirators obtained "information and documents which in the internal and international interests of the state should have remained secret," the indictment said. Some of these are known to have concerned Italian negotiatinns to ensure its oil supplies.

A government committee ruled last week that P-2 was an illegal society, and Premier-designate Giovanni Spadnlini said he intended to dissolve it.

Paraguayan police disclosed Friday night that Italy has asked them to arrest Mr. Gelli if be appears in their country. Police sources said that it was not known whether Mr. Gelli was actually in Paraguay, but that he might have taken refuge with Umberto Orto-lani, an Italian whn owns property in western Paraguay.

Italy Tense As 2 Days of Votes Begin

United Press International

ROME — An estimated 9 million Italians began two days of voting Sunday in local elections that could influence the makeup of Italy's new national government.

The balloting, involving about one quarter of the electorate, was taking place in the tense atmosphere of a renewed terrorist offensive by the leftist Red Brigades

Results of the balloting to be announced after the polls close Monday afternoon, will determine the makeup of a new regional assembly in Sicily, two provincial councils and 193 municipal coun-The voting came as Premier-des

ignate Giovanni Spadolini, head of the small Republican Party, was in the final stages of forming a new Cabinet that would be the first national government not beaded by the Christian Democratic Party since 1945. Mr. Spadolini has said he hopes

to complete formation of the government by the end of the week. It is to be a five-party coalition simi-lar in makeup to the ontgoing goverament of Christian Democrat Amaldo Forlani, whose coalition collapsed May 26 over a scandal involving a secret Masonic lodge. Politicians have said results of

the voting could help Mr. Spadoli-ni decide on the allocation of Cabinet posts, especially if the Christian Democrats show sharp losses

in the balloting.

Mr. Spadolini has pledged that his government would root out corruption from the national administration, institute new economic policies to control inflation out terrorism.

That issue became prominent in the campaign Friday when the Red Brigades carried out four shootings in Rome. Six to eight Red Brigades gunmen ambushed and killed a Rome deputy police chief, Sebasi-ano Vinci, 44. In the other attacks, a lawyer and publishing company employce were wounded and a police car was fired on at a road-

COMING IN SEPTEMBER

BANKING & FINANCE IN THE ARAB WORLD

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Page 6 INTERNATIONAL HERALD TRIBUNE, MONDAY, JUNE 22, 1981 International Bond Prices - Week of June 18 Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston **RECENT ISSUES** STRAIGHT BONDS All Currencies Except DM

All of these Securities have been sold. This announcement appears as a matter of record only.

\$500,000,000 Shell Oil Company

\$200,000,000 13%% Notes Due 1991 \$300,000,000 144% Debentures Due 2011

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Visa Weaves a Web of Financial Services

New York Times Service NEW YORK — In the beginning was the committee. At its head was a banker, and although no college diploma graced his office wall, he had something better: A grasp of the wonders contained in a sliver

Credit. Traveler's checks. Debit cards. Travel and expense. Money market funds. Any exchange of value, no matter what And as fast as you can say electronic funds transfer, Dee Ward Hock, now chief executive of Visa International, is off concocting some new use for the blue and white card.

"It started out as a little credit card, which was the stupidest marketing mis-take in history," said Mr. Hock. "Visa is a device for the exchange of value." In short, it's the next thing to money.

Now Mr. Hock thinks he is on to something even bigger. Mr. Hock's constituency, the 14,000 banks that belong to Visa, are sorely pressed by regulations and competitors such as money market funds that offer higher yields. At the same time, Americans are knee-deep in credit cards, and banks and card companies are looking for new ways to attract increasingly sophisticated consumers.

The challenge for the banks is how to thrive in this competitive market, and Mr. Hock thinks he knows. His plan is to develop a premium card — which will offer its holder no set spending limit and re-volving credit and will compete with the American Express gold card — and a

money market fund for member banks, and to push expansion overseas.

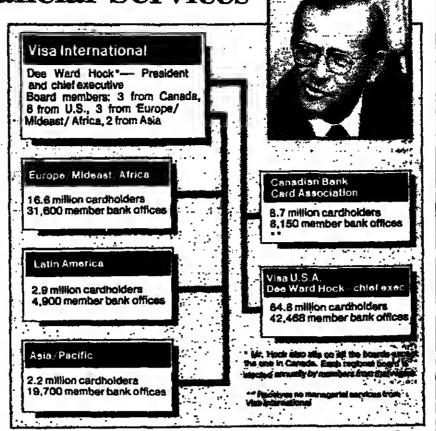
"Banking is like a walled city," said Mr. Hock. To some degree, the regulations are largely for their own protection, but the regulations can lock you in as well as lock others out."

Unlike American Express, Visa and its other competitor, Interbank's Mastercard, do not issue cards directly, but through member banks. Many of the banks that control Visa consider it a service organization. Visa International makes little money and offers Mr. Hock no equity. Physically it consists of little more than three computer centers (with two more on the way), thousands of leased phone lines, and a few offices.

But Mr. Hock's vision is considerably more cosmic: "It's the first truly transnational corporation. It's a worldwide consumer payment system, including, but not limited to, credit cards."

From humble beginnings in 1968 (it name was changed from "BankAmericard" in 1974), Visa now has more card holders at home and abroad than any of its competitors — 30.4 million Visa holders abroad and 64.4 million domestically. It has developed credit card services and moved into debit cards — which give access to checking accounts - and traveler's

Most of Mr. Hock's recent programs are aimed at markets that have been held (Continued on Page 11, Col. 5)



Visa International's Dee Ward Hock surveys a growing empire.

Apple Computer: Bruised But Rosy Future Remains

By James L. Rowe Jr.

NEW YORK - For a while, it seemed, the shine was gone from the Apple.

But Apple Computer Inc., one of the darlings of Wall Street late last year, seems to have left behind the manufacturing problems it faced with its new Apple III personal

computer. The four-year-old personal computer maker, which claims its corporate mission is to bring the benefits of computer technology to individuals, has realigned its top manage ment and is poised for a two-year period of explosive growth.

Rosy Propects Seen

Apple "went public" last December, selling 4.6 million shares of itself at \$22 a share at a time when stocks of small technology companies (such as the genetic engineering firm Geneutech) were being snapped up by

The price soared to \$36 before the Apple III problems became known and the price fell back to the \$22 range by March.

Since then investors have bid the stock back to the \$32 range even though an additional 2.6 million shares were released to the public last month at \$31.25 a share.

Apple's prospects, according to analyst Don F. Sinsabaugh of Gruntal & Co., are rosy. He said company sales should skyrocket from \$118 million last year (Apple's accounting year ends on Sept. 30) to \$380 million this year and \$750 million next year. In

Wozniak and Steven P. Jobs, the company

had sales of less than \$2 million. Such spectacular growth often has been the downfall of companies - and may yet be for Apple - but analysts say that so far the company has managed its growth well. Apple has eash in the bank (\$76 million) and the ability to sell more stock (the company realized no income from last months' sale; it was an offering of stock owned by employes and early investors).

As well, Apple is a computer assembler.
As a result, even during periods of rapid expansion, it has to invest little in manufacturing equipment and thus has no need to make expensive capital investments.

Furthermore, it can add capacity and

workers in small increments, which it has been doing at a rapid pace. A year ago it had 500 employees. Today it has close to 1,700 according to company spokesman Fred Hoar, It has assembly plants in north-em and southern California.

Singapore Plant

Last summer it opened a plant in a Dallas suburb and last October began making Apple II in Cork, Ireland, for the European market. Next month the company will open

a facility in Singapore.

Apple shipped 79,000 computers last year, according to Mr. Sinsabaugh. This year, he estimates, Apple will sell 200,000 Apple IIs and 15,000 to 20,000 of its more powerful, no-longer-problem-plagued Apple IIIs. Next year, he said, the company should sell about 220,000 Apple IIs and 110,000

Apple IIIs.

was long-awaited by computer users and investors alike. But the earliest versions shipped late last year were full of minor, but

annoying technical problems. The cables to the keyboard were too short. Some of the little circuit chips did not fit securely in their sockets. About 20 percent of the machines had their chips fall out during shipment and would not work. About 1,000 of the new machines were

hipped.
When the problems became apparent, the company stopped shipping for several months, but resumed in April. So far, Mr. Hoar said, about 5,000 Apple IIIs have been sent to dealers in the United States.

Software Delays

Because of the delays in the Apple III the computer is about six months behind schedule — the software that permits the computer to do specialized tasks, from analyzing stock portfolios to keeping track of inventories, is also waiting to be developed.

The major software packages — such as those that permit the computer to do word processing or text editing - have been developed by Apple itself. Mr. Hoar said the initial Apple IIIs are being shipped with more software than the early Apple IIs, But the smaller companies that make special programming packages compatible with Apple III (or any other computer) have been

"The problems with Apple III probably stimulated demand for the Apple II," said an analyst. The Apple II has been around for about four years, and there is a plethora of

the memory and twice the column widths of the Apple II, many purchasers will stick with the smaller version because of the availability of software. Others will stick with Apple II because the typical purchase price is about \$2,500 compared with \$4,500 for an Apple IIL

Apple and Radio Shack (a subsidiary of the Tandy Corp.) are the two major factors in the personal computer market, according to Mr. Sinsabaugh. Apple has about 20 percent of the market and Radio Shack between 20 and 25 percent. Commodore International is a close third behind Apple. The rest is divided among a number of smaller companies such as Vector Graphics, Cro-memco Ine. and North Star Computers.

Giants Eye Field

Xerox Corp. bas just announced a line of personal computers, and International Business Machines, the computer giant, is expected to come nut with a personal computsoon, Apple is counting on Xerox and IBM eating into the market share owned by smaller companies, rather than into its

"Apple and Tandy are in good stead," Sinsabangh said. "There's a population of machines already out there, and that's important. Furthermore, there's a diverse amount of software. The applications run to everyone's job description.

Personal computer makers are counting on a demand that continues to grow sharply among the millions of small businesses and office workers that process information in one way or another. Despite the tag "per-sonal computer," few but the wealthiest forming by two college dropouts, Stephen G.

The Apple III is a sarger, more versame sommer avariable.

Somware avariable.

Even though the Apple III has three times have an Apple to use at bome.

U.S. Corporations Scrambling To Make the Most of Oil Glut

By Robert D. Hershey Jr. New York Times Service

WASHINGTON - Oil Glut! What once seemed as unlikely as \$850 an ounce gold or an 18 per-cent Treasury bill is here. Suddenly, oil is so plentiful that prices are falling by amounts that impress even big-time corporate decision

U.S. businesses, which for a decade bave seen nothing but oil tak-ing an ever larger bite of their operating dollar, are calculating what they can do to capitalize on the oil price drop. While most such adustments are quick and modest. some companies are puzzling over how to factor the newly favorable oil situation into longer range plans as well.

To be sure, the dominant mood remains one of great caution. After all, world energy consumers have watched for years as the price of oil raced from next to nothing to more than \$40 a barrel.

Oil or Natural Gas?

"The surplus could be with us a while," said James E. McNabb, an economist for Conoco, a major oil, natural gas and coal producer.
"But it should be viewed as a temporary phenomenon that could change overnight," he added. "In the world of corporate planning we're learning not to overreact to immediate situations.

At company after company, however, there is evidence that the glut and price break are influencing planning.

Take the case of John B. Walters, manager of the Firestone Tire & Rubber's largest plant. This week in Des Moines, he will sit down to study fresh Department of Energy figures dictating what be must pay for natural gas. He will probably conclude that the plant should switch in July to burning oil instead. The beavy No. 6 oil his plant is also equipped to use has tumbled in price recently, wiping out what was once a large advan-

"We have to look at the eco-nomics of it," he added. "If oil is cheaper, we'll use it — and it cer-tainly looks that way."

For the first time in many years U.S. corporate strategists do not have to automatically assume that oil prices will be rising by at least the inflation rate and probably by much more. Already some serious students of energy are arguing that no price increase exceeding the inflation rate is likely during the next two years.

(The main beneficiary of falling prices so far has been the United States since oil is priced in dollars and the dollar has been very strong against most other currencies Thus, according to Jacques R. Maroni, director of energy plan-ning for Ford Motor, Western Europeans think prices are still rising and therefore buying less gasoBut though the profitability of many fuel-sensitive industries airlines, utilities, metals and paper - is significantly enhanced by the current decline in oil prices, interviews with business planners show them to be profoundly skeptical that a new era has arrived.

The reluctance of corporate anners to embrace the notion of stable oil prices indefinitely owes much to the severity of the jolis of the 1970s and the fact that while the narrow economics of oil may have changed for the better, the politics of the situation has not. The Middle East, dominant supplier to Western Europe and a major source for the United States, remains as unstable as ever.

The biggest effect of the oil surplus on us so far is that we're guessing this element of costs will go up at a lower rate than we were previously forecasting," said Da-vid K. Barnes, a senior vice presi-dent of E.I. du Pont de Nemours & Co. He doubts that companies can yet safely shift their long-range view of energy prices and supplies.
"It's just a moderation of the cost

tegic change.

Du Pont, which relies on oil and natural gas as a feedstock in 70 percent of its products, will continue to push its program to use more coal as a plant power source.

-and not an opportunity for stra-

Changed Perception

According to Mr. Maroni, the facts about oil have not changed, simply the perception of them. There was no shortage, there is

no glut," be said. Supplies, in other words, have moved from below ground in the oil fields to oil-company storage tanks.

"What we now have is a gradual settling back down [of prices] so oil does not lose its markets," he continued. During the next few years "you're going to find a generously supplied oil market at a price which will not rise in real terms." In fact, because of the availability of alternative finels be availability of alternative fuels be said there is "no reason" wby the price of gasoline should ever rise above \$2 a gallon after adjusting for future inflation.

The Department of Energy, meanwhile, has made no change in the basic assumption it has used for the past two years that oil prices will show annual real price increases of about 3 percent during the 1980s and 1990s.

'Natural Reaction'

But, according to Roger F. Naill, associate director for energy analysis, this may now not apply over the next two years or so. What's happening now, be said, "seems a natural reaction to the big price spurt we had in 1979. should have expected to see a

Company officials point out that it takes time for the declines in OPEC and other oil prices to flow through to individual businesses, many of which also use large amounts of increasingly ex-

pensive natural gas.
Unlike oil, which in January was freed of United States price controls, a move that itself may have contributed to the current price decline by inducing more conserva-tion, natural gas is to rise steadily by atatute until at least 1985. Although U.S. companies are

not rushing to revise long-term plans, some are being forced to react quickly to lower oil prices right

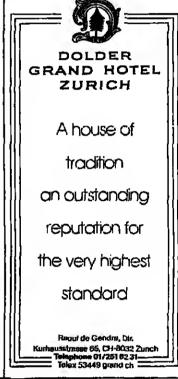
Gas Industries Worries

Perhaps the most threatened are natural gas pipelines, which are al-ready losing business from such people as Mr. Walters and are in danger of losing lots more.

"The oil jobbers have been able to come in and undercut the price," complained Kenneth W. Thompson, a vice president of the Interstate Natural Gas Association, a trade group. One constitu-ent, be said, has lost seven industrial customers in recent weeks after they found cheap residual oil "dumped" by refiners to fire their plants instead.

"When they we got a glut of No. 6 oil they have to get rid of it." Mr. Thompson said. "The people they market it to are our marginal users. This is something we are very concerned about in terms of the future of our industry." Some planners say that synther-

ic fuels projects may also prove to be casualties of the current oil



Calm Prevails in Face of Leap in U.S. Rates

By Carl Gewirtz

International Herald Tribune
PARIS — An unexpected spurt in overnight money costs in New York last week to as high as 30 percent sent a shudder through U.S. credit markets, but the Eurobond market - to the amazement of traders and underwriters - nev-

er lost its composure. By late Friday, even New York had regained its confidence as the cost of federal funds dropped to 18½ percent and the Federal Reserve reported a very modest \$500-million rise in the M1-B measure of the money supply. Many analysts had feared that the midweek rise in the fed funds rate presaged a report of a massive increase in

the money supply.

Despite this positive late-week news, there is still considerable uncertainty about whether short-term rates are poised to drop sharply, as many traders believe. For this week at least that remains unlikely with end-quarter "window dress-ing" expected to keep corporate demand for short-term funds quite

high.
The pressure on the funds rate," reports Salomon Brothers economist Henry Kaufman, "is, to a greater extent, a reflection of the strong demand for money, espe-cially in the banking system and in the credit markets, as well as the reduced provision of reserves by the Fed. The central bank is apparently taking little comfort from the contraction of key monetary aggregates during May.

Another cause to be suspicious about talk of an imminent break in interest rates is the sudden rush by

5.22 74.76 4.965 2.335.50

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CURRENCY RATES

Interbank exchange rates for June 19, 1981, excluding bank service charges.

Currency U.S.S

iarusti shekal 11.455
Junemate ven 221.575
Koventi dinor 221.575
Koventi dinor 221.575
Malay. rhuyati 2.332
teoru, krone 5.375
Phil. pesn 7.97
Perl. seconia 61.146
Sandi rhyat 1.4578
S.D.R. 1,154

mercial frame. (b) Amounts needed to buy one pound. (*) Units of 100. (x) Units of 1,000.

EUROBONDS

number of borrowers has decided not to wait. The disturbing question is why they come to market paying coupons of 14 to 15 percent instead of awaiting the "immi-nent" break in rates? Either they are so pressed for each that they cannot wait or they do not believe bond rates will drop very far.

It might be argued that the World Bank, which is raising \$400 million in the Eurobond market, has too constant a need for funds to be absent for long from the bond market. But what about International Business Machines, which has slated a \$250-million issue in the New York market this week after having just sold \$100 million of three-year notes bearing 14% percent in this market? The implication of its making one of its rare appearances in the bond mar-ket now is that its financial officers do not believe all the talk about a

drop in rates. tutional" clients. It was the pre-

soon as they could be sold with a coupon of 13 percent.

In the meantime, a significant

Investors, on the other hand, have decided that coupons of 14 to 15 percent are what they want. Bankers attribute the Eurobond market's good performance last week to the sharp rise in "retail" buying which cannot be mraed on or off at the same speed as "insti-

Senty.

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Per U.S.5 2,1335 1,1477 481,85 95,20 5,6475 34,24 28,975 3,673

78.6716 · 5.3154 · 2.8116 41.3452 2.2018

borrowers to issue bonds. A month ponderance of institutional invesage, investment bankers were retors in New York and their unanidaunting than would seem (in fact, porting a massive buildup of new mous decision to sit back while the issues that would be launched as dust settled that accounted for the mous decision to sit back while the upset in that market last week,

In Europe, bankers report that the Swiss banks are buying in force — a sure sign that individuals are once again back in the market. In addition, Mideast investors are

While the World Bank issue is the largest single deal to hit the

it is widely expected that the size of the issue will be increased to \$500 million) as more than a third of it has been placed with Arab investors. Saudi Arabia's Monetary Agency is reportedly taking 10 percent of the issue and other big chunks are being placed in Kuwait and the other Gull states.

This is especially good news, as (Continued on Page 9, Col. 1)

Mexico Presses Borrowing Despite Fight With Banks

By Carl Gewirtz

tional Herald Tribun PARIS - Undeterred by its continuing dispute with banks over terms on three recent Euroloans, Mexico is maintaining its pace as the biggest single borrower on the Euromarket so far this year with an eight-year loan for the United Mexican States now moving into

general syndication.

The UMS operation is starting life as a \$600-million transaction, SYNDICATED

LOANS

but managers do not rule out the

possibility of increasing it to \$750 million if the response from the general market warrants it. Lenders are offered the choice of pricing the loan over the London interbank offered rate — a split % points over Libor for the first four years rising to a halfpoint in the final four years — or over the prime rate, with that mar-gin set at a split ¼- ¾ percent.

Still to be negotiated is the alternate base measure to be used if lenders find that the prime rate does not adequately reflect their own cost of money. Negotiations

on that point may be particularly sticky as that is the issue holding up completion of three syndicated credits totaling almost \$2 billion.

The loans for Banobras, the state publie works bank, as well as for Banco Nacional de Comercio Exterior and Banca Somex were enthusiastically received when launched last month not only because Mexico is considered a good credit but because any loan priced over the prime rate is certain of

The \$1-billion, six-year loan for Banobras was taken up by 113 banks, of which some 80 percent are located in the United States. The loan for BNCE, which started out at \$350 million, finished at \$550 million while Banca Somex was able to increase its loan to \$400 million.

Loans priced over the prime rate of U.S. banks are popular with lenders because the prime is a "retail" rate which includes a profit for the banks. Libor, by contrast, is a market rate which for many banks represents their own cost of borrowing money. The margin over Libor may be all some lenders earn on loans whereas the margin

(Continued on Page 9, Col. 1)

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Empresa Nacional del Uranio S.A.

US\$ 110,000,000

Medium-Term Loan

Lead-Managed by Crédit Lyonnais The Bank of Tokyo, Ltd. Sucursal en Espana

Managed by

Banco de Bilbao, S.A. Banque de l'Indochine et de Suez Banque de la Société Financière Européenne - SFÉ Group Banco Hispano Americano, Sucursal en Paris Banque de l'Union Européenne Caja de Ahorros de Zaragoza, Aragon y Rioja (CAZAR BANK)

Co-Managed by

Banque Nationale de Paris

Crédit Commercial de France Dai-Ichi Kangyo Bank Nederland N.V. Nippon European Bank S.A.

A MEN EXPERIENCE OF THE STAND

Provided by

Banque Nationale de Paris (Madrid) Crédit Lyonnais The Bank of Tokyto, Ltd., Sucursal en España Banco de Bilbao, S.A.
Banque de l'Indochine et de Suez Banque de la Société Financière Européenne - SFE Group Banco Hispano Americano, Sucursal en Paris
Banque de l'Union Européenne Caja de Ahorros de Zaragoza, Aragon y Rioja (CAZAR BANK) Banque Rothschild Crédit Commercial de France
Dai-Ichi Kangyo Bank Nederland N.V. Nippon European Bank S.A. Banco Internacional de Comercio, S.A.

Crédit Lyonnais

Agent

May 1981

CONVERTIBLE BONDS

International Bond Prices - Week of June 18

| The color of the

(IF)

A/S EKSPORTFINANS

(Forretningsbankenes Finansierings- og Eksportkredittinstitutt)

NOK 100,000,000

111/4 % Notes due 1986

Bergen Bank A/S

Amro International Limited
Christiania Bank og Kreditkasse
Credit Suisse First Boston Limited
Deutsche Bank Aktiengesellschaft
Kredietbank S.A. Luxembourgeoise

Westdeutsche Landesbank Girozentrali

Berliner Handels- und Frankfurter Bank Citicorp International Bank Limited Den norske Creditbank Hambros Bank Limited Manufacturers Hanover Limited

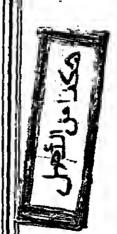
Alahli Bank of Kuwait K.S.C. Algemene Bank Nederland N.V. Astaire & Company Limited Bank of Tokyo International Limited Bank of America International Limited Bank Mees & Hope NV Banque de l'Indochine et de Suez sche Hypoteken- und Wechsel-Bank Banque Nationale de Paris Bayerische Landesbank Girozentrak Joh. Berenberg, Gossler & Co. Crédit Commercial de France Daiwa Europe Limited DG Bank Den Danske Provinsbank A/S Drescher Bank European Banking Company ttiche Zentralbank AG Girozentrale und Benk der Österreichischen Sparkass Greenshields Incorporated Hessische Landesbant Kleinwort, Benson Limited Kuhn Loeb Lehman Brothers International, Inc. Kuwait Investment Company (S.A.K.) Samuel Montagu & Co. Morgan Stanley International Merrill Lynch International & Co. Morgan Guaranty Ltd. Nordfinanz-Bank Zünch Nomura International Limited Norddeutsche Landesbank orddeutsche Volksbanken AG Zentratbank Nordic Bank Limited Rogalandsbanken A/S Salomon Brothers International Scandinavian Bank Umited Smith Barney, Harris Upham & Co. Société Générale Sparbankemas Bank Sparekassen SDS Strauss, Tumbuli & Co. Standard Chartered Merchant Bank Sunmersbanken A/S Svenska Handelsbanken S. G. Warburg & Co. Ltd.

Dean Witter Reynolds Overseas Ltd.

Wood Gundy

All of these securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE



June, 1981



11.72 4.19

Explanation of Symbols –

\$75,000,000

16% Notes Due 1991

Lazard Frères & Co.

The First Boston Corporation Goldman, Sachs & Co. Merrill Lynch White Weld Capital Markets Group Salomon Brothers Warburg Paribas Bocker Bache Halsey Stuart Shields Bear, Stearns & Co. Blyth Eastman Paine Webber Dillon, Read & Co. Inc. Donaldson, Lufkin & Jenrette Drexel Burnham Lambert E. F. Hutton & Company Inc. L. F. Rothschild, Unterberg, Towbin Kidder, Peabody & Co. Shearson Loeb Rhoades Inc. Smith Barney, Harris Upham & Co. Wertheim & Co., Inc. Dean Witter Reynolds Inc. A.E. Ames & Co. Dominion Securities Inc. Oppenheimer & Co., Inc. Arahold and S. Bleichroeder, Inc. ABD Securities Corporation Atlantic Capital Basle Securities Corporation Alex. Brown & Sons Daiwa Securities America Inc. F. Eberstadt & Co., Inc. A. G. Edwards & Sons, Inc. **EuroPartners Securities Corporation** Robert Fleming Moseley, Hallgarten, Estabrook & Weeden Inc. Kleinwort, Benson New Court Securities Corporation The Nikko Securities Co. Nomura Securities International, Inc. Wm. E. Pollock & Co., Inc. Thomson McKinnon Securities Inc. Tucker, Authory & R. L. Day, Inc. Wood Gundy Incorporated Yamaichi International (America), Inc.

PEKING - China has quietly become the United States' fourth-largest customer of food and other agricultural commodities, with an estimated 12 million acres of American farmland now planted annually to grow crops bound for China, according to U.S. agriculture officials.

U.S. exports of food grains and fiber to China rose to more than \$2 billion last year from \$64 million in 1977. Sales this year are expected to exceed \$2.5 billion. Wheat accounted for roughly half the total last year

Under an agreement signed last October, the Chinese have agreed to buy a minimum of 6 million tons of wheat annually

China buys all of its U.S. grain on the open market without Washington's participation, an agricultural official at the U.S. embassy here said. But under the October grain agreement, Peking has promised to consult with the US. Department of Agriculture if its grain buying exceeds 9 million tons annually.

Conoco Report of Merger Talks Ignites Intensive Speculation

New York Timer Service
NEW YORK — Conoco, the
ninth-largest U.S. oil company, has disclosed that it rejected a proposal by an unnamed "major foreign corporation" to buy about a quarter of its stock for as much as \$2 billion.

In a statement late Friday, the oil company, based in Stamford, Conn., said that its directors had decided to turn down the offer, which was presented in two forms, after "extensive consideration."

Moreover, Conoco said that it was currently engaged in preliminary merger discussions with a major corporation.

were tight-lipped about the internal developments that were merely hinted at in Friday's disclosure. In additioo, the announcement set off rumors both on Wall Street and in Canada as to the possible identity of Conoco's mysterious foreign

An arbitrager in New York, who is following the Conoco developments, speculated that the rejected offer was "probably from a Canadian company." But he added: We'll just have to wait and see. Further details should come out goes ahead with this other merger that it mentioned."

proposed to either "purchase from Conoco directly 15.9 million of its common shares at \$75 a share and purchase an additional 9.6 million of Conoco's stock in the open market or purchase from Conoco directly 28.6 million shares at \$70 a

A few of the rumored parties denied that they had made the spurned offer, while those close to the negotiations would not say fairly soon, especially if Conoco anything. For example, Conoco earlier this month sold its 53 percent interest in a Canadian oil

a complex deal valued at \$1.68 bil-

Thus, both in Calgary and in New York financial circles, the early rumors were that Dome might be the anonymous foreign company whose offer had been rejected by Conoco. But when asked about the rumor, a senior executive at Dome headquarters replied, "It's oot us."

Conoco's investment banker is Morgan Stanley & Co., which is any additional shares if that would known as one of the more aggressive and adept of major investment

Specifically, the Conoco announcement said that a subsidiary of a major foreign corporation had concern. Dome Petroleum Ltd. in home, Robert F. Greenhill, a managing director of Morgan Stanley. said, "I just can't comment on the deal, either the rejected offer or the

current negotiations. In Stamford, Conn., a spokesman for Conoco only added,

"We're not saying aoything." Conoco's statement noted that the foreign company had proposed that if Conoco would accept either option, the foreign buyer would agree for 15 years not to purchase give it more than 25 percent of Coooco's voting securities. At

common shares outstanding.

Furthermore, if Conoco accepted either offer, the foreign company would have agreed not to otherwise seek control of Conoco for 15 years, either alone or with another company, according to the Conoco

A second rumor, besides the Dome speculation, was that the foreign company that had offered to huy into Conoco was a subsidary of Brascan Ltd. of Torooto, which has been an aggressive acquirer in recent months and is known to be looking for further purchases.

Calm Prevails in Face of Sharp Climb in U.S. Rates

(Continued from Page 7) s ensures that the issue will be priced realistically in light of existng conditions. Bankers report that Mideast investors were assured of a return that would equal 75 hasis noints (three-quarters of a percentage point) over comparably dated U.S. Treasury paper. This return will be achieved by pricing the issue at 40 basis points over the T-bill rate and making up the re-mainder through the 1½ percent commission the World Bank is

As of Friday, the coupon on the five-year issue was expected to remain at the indicated 14% percent and the issue price was expected to be set at 981/2.

Pacific Lighting International is raising \$50 million in an eight-year issue which is expected to carry a coupon of 15% percent. The bood is guaranteed by one of the parent U.S. company's two operating sub-sidiaries, Pacific Lighting Gas Sup-ply Co. The issue, which will be priced Monday, is redeemable after July 1, 1986 at a premium of 1011/2. The bonds were trading on a when-issued hasis of 1% points below issue price.

Lafarge Coppee, the holding tors have the option of extending

company of the French cement group, is raising \$40 million. The musual maturity — seven years.

Southern California Edison sold unusual maturity — seven years and nine months — is dictated by the terms of the foreign exchange swap agreement the company negotiated chiminating the risk in this foreign currency borrowing. The proceeds will be used in part to finance a capital increase of its Canadian bolding. A semiannual coupon of 15% percent will be paid, equal to an annual rate of 16.1 percent on an AIBD basis,

The issue is not callable and a sinking fund will reduce the average life of the loan to 5.49 years.

The issues priced last week all slipped to discounts in the secondary market, but that was to be expected in light of the updrift in

short-term rates. The province of Quebec sold \$75 million of its \$100 million issue at 99 bearing a coupon of 14% percent to yield 15.05 percent, but the paper ended the week quoted at 97% for a yield of 15% percent. The remaining \$25 million can be sold until Sept. 30, bearing the same coupon, at whatever price market conditions warrant. Inves-

the five-year notes for an addi-

Floating-Rate Sector

General Motors Acceptance Corp.'s \$100-million, six-year notes, priced at par bearing a coupon of 14% percent ended the week at 98 for a yield of 15.28 per-cent while the EEC's 14%s of 1993 ended the week at 9714 for a yield

of 1546 percent. The Nordic Investment Bank made a private placement of \$20 million of nine-year bonds priced at par and bearing a semi-annual coupon of 14% percent.

In the floating-rate sector, National Westminster Bank is raising \$125 million through 10-year ootes with interest set at a quarter-point

Mexico Maintains Heavy Borrowing Pace

(Continued from Page 7) over the prime rate is usually gra-

This is protected by what has become a standard clause in loan contracts that switches the base rate to an alternate measure — the rate paid on 90-day certificates of deposit adjusted for the cost of setting aside reserves - whenever that alternate, for a fixed period of time, is higher than the prime rate.

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In fact, one study shows that between January, 1979, and April, 1981, the alternate pricing frequently became operative.

Although the wording in the

mandate Banobras gave its bankers included the standard alternate formula. Banobras is now attempting to redefine the conditions under which the alternate formula becomes operative. For their part, bankers are furious at the attempt to renege on the terms already accepted by the borrower and, more generally, are unwilling to go along with a move that would further lower Mexico's cost of borrowing.

At first glance, Mexico is charged a very fine rate. A split 1/2 point margin over Libor is what industrialized countries. gium, Greece, Spain and Portugal) pay. In fact, it pays much more than those countries because virtually all of Mexico's lenders opt for the prime-based pricing that works out to a significantly higher cost. Libor currently is 17 7/16 percent whereas the lowest prime rate is 19

make it a good creditor, but its heavy need for funds to finance its development weakens its bargaining power with the banks. At present, there is a standoff in the dispute as both sides dig in their beels. But bankers expect that Mexico's need for cash is greater than their need to lend. In addition, many bankers believe the brouhaha is simply posturing by officials in the run-up to this au-numn's political assembly at which the ruling party will select its candidate for oext year's presidential

Meanwhile, Pernex has had a tremendous success in rolling over its two-year \$2-billion bankers acceptance facility. Over \$4 billion has been spoken for and the only question remaining is how much of this Pemex chooses to take.

Argentina, another very heavy

borrower, appears to be running and ECU, European currency into difficulties amid reports that units. it may seek to refinance part of the \$13.8 hillion in principal and interest on foreign debt due this year. Yacimentos Petroliferos Fiscales, one of the nation's premier credits, asked hanks for offers on a loan of up to \$150 million and extended the offer period by one week without awarding a mandate, fueling speculation it failed to receive pro-

As banks await enactment of legislation permitting Venezuela to raise long-term funds internationally, a stream of one-year transactions continues to flow to the market. Corp. Venezolana de Fomento is seeking \$400 million, offering a margin of % point over Libor while Instituto Nacional de Obras Sanitarias is raising \$180 million at a spread of 9/16 point over Libor.

posals it found acceptable.

The difference in margins can be explained by the difference in commissions. Participation fees on the INOS transaction range from 0.03 to 0.15 percent while CVF's range from 0.08 to 0.20 percent.

Itaipu Binacional is in the market for \$300 million. Its eight-year loan is expected to carry the stan-dard terms for Brazil, 21/2 point over Libor or 2 points over the prime rate.

In a cofinancing deal with the World Bank, Bogota Electric is raising \$80 million for 10 years at a cost of % point over Libor. Most these funds will be used to finance construction of a hydro-electric project for which the World Bank has approved loans totaling \$360 million.

In Asia, the South Korean Exchange Bank is raising \$600 mil-lioo for eight years at % point over Libor, the lowest rate yet charged a South Korean borrower and a tharp reversal of the uptrend that drove its borrowing costs to % point over Libor following last year's political unheavals there.

From the Philippines, privately owned Atlas Consolidated Mining is seeking up to \$160 million for 10

Pakistan is seeking a 15-month import financing facility of \$150 million at a cost of % point over

Io Europe, France is preparing a \$400-million operation for Credit National denominated in dollars

\$50 million of seven-year ootes bearing a coupon of 14% percent. With market conditions deteriorating, managers Credit Suisse First Boston accelerated the issue, setting the terms at midweek instead of this coming Tuesday. The issue was priced at 99% and ended the week at 98½. The issue is reedemable at the company's option after July 1, 1985, at a premium of

Italy remains a big taker of funds, Ferrovie dello Stato is seeking up to \$500 million for seven years, offering a half-point over Li-bor or a split ¼ (for two years)- ¾ point over the prime rate. Note-worthy about this transaction is the fact that the lead manager is Dillon Read, the investment bank. Commercial bank lenders usually resist participating in transactions put together by investment banks that do not commit their own money to deals.

IRI, the Italian state holding company, is arranging a \$200-mil-lion, eight-year "club" loan from a small group of banks paying a half-point over Libor throughout sweetened with a commitment fee of % percent.

the first five years.

market for \$250 million, paying 11/6 points over Libor for the first six years and 14 points over for the final two years.

over the mean of the six-month bid-offer rate. A minimum coupon of 5% percent is guaranteed.

Zentralsparkasse und Kommer-zialbank of Vienna is raising \$30 million through a 10-year floatingrate note issue. The coupon will be set at a quarter-point over the London interbank offered rate with a minimum guaranteed coupon of 5¼ percent.

In the convertible sector, European Banking Co. has put together an unusual transaction in which Blue Ridge Petroleum is seeking \$25 million in a five-year issue bearing a coupon of 4 percent. Payment of interest and principal is guaranteed by Amsterdam-Rot-terdam Bank. The funds will be used to finance a U.S. oil drilling and development program.

If this venture is successful, and the value of proven reserves ex-ceeds \$25 million, the notes will be cooverted automatically ioto shares of Blue Ridge Hydrocarbons Corp. which will share in the income from the producing properties with operator Dixie Oil Co. as well as participate with Dixie in

Tiger International, the U.S. air treight company, is raising \$30 million through a 15-year converti-hie managed by Goldman Sachs. The bond carries an indicated coupon of 101/4 percent, with the conversion premium over the stock price expected at 10-to-11 percent. Final terms will be set June 30.

Japan's Furukawa Electric Co. is raising \$50 million through a 15year convertible managed by Nomura International. The bond carries an indicated coupon of 6to-614 percent. Final terms will be set Thursday. The conversion premium is expected to be 5 percent above the six-day average of the closing share price. In Febru-ary, Furukawa issued £15 million of 8-percent, 15-year convertibles.

The coupon on the \$40-million. 15-year convertible for Japanese food manufacturer Ajinomoto was set last week at 5% percent. Lead manager Nikko Securities said this was below the indicated 6 percent due to the strong demand from institutional investors, who expect an increase in the stock price. The conversion price was set at 933 yen, representing a premium of 0.86 percent over the existing To-kyo stock exchange price of 925



yen. The fixed exchange rate was set at 224.70 yen. The bonds were quoted at 103-104.

The \$25-million convertible for Apache International Finance was ss well received. The 15-year is-Apache Corp., an oil and gas prosion price of \$23% represented a premium of 9.47 percent over the New York Stock Exchange quote. However, the bonds ended the

week at 97. In the Deutsche mark sector, the 80 million DM issue for Girozentrale und Bank der Oesterreichischen Sparkassen was priced at 101 with a coupoo of 10% percent to

The decline in the anticipated yield coincided with a drop in yields on domestic rates. Yields on federal promisary notes were cut to 10½ from 10.88 percent last week. However, the DM market was quiet last week with trading

The third Euroyen issue of the year is being offered by New Zealand, which is seeking 15 billion yen in a 61/2-year transaction. The bullet issue carries an indicated coupoo of 81/2 percent and pricing

will be set Tuesday. Lead manager Daiwa Securities said that Japanese Finance Ministry guidelines limit Euroyen issues to one per quarter. Daiwa said there are at least two other borrowers in the queue and indicated that the issuing pace for Euroyen bonds in the rest of this year is

In the domestic market, the Eu-

20 million Unit of Account issue for Gasunie of the Netherlands. The seven-year issue is epxected to bear a coupon of 114 percent. Subscriptions are payable in DM, with 2.97579 DM equal to one

International institu-

Unit of acc. long term 10.83 % Market Turnover

3,416.5 2,717.8 698.7 Cedel 6,151.8 5,827.5 324.3 Eurock.

Apache International

suc, convertible into shares of ducer, was priced at par with a coupon of 9½ percent. The conver-

yield 10.58 percent.

cut short by two bolidays.

likely to be increased.

ropean Investment Bank has sold billion yen of 12-year bonds bearing a coupon of 81/2 percent but sold at a discount of 99.45 to yield \$.76 percent.
Still waiting to be priced is the

Eurobond Yields* Week Ended June 17

um term 14.84 % French fr. medium term 17.29 %

Week Ended June 19

NOTICE OF SPECIAL MEETING IN LIEU OF

ANNUAL GENERAL MEETING OF SHAREHOLDERS

FIDELITY AMERICAN ASSETS N.V.

Please take notice that a Special Meeting in lico of the Annual General Meeting of Shareholders of Fidelity American Assets N. V. (the "Corporation") will take place at 3.00 p.m. at Schottegatweg Oost, Salinja, Curacao, Netherlands Antilles, oo Joly 10, 1981. The following matters are on the agenda for this

1. Report of the Managers

 Election of eight Managing Directors. The Chairman proposes the re-election of the following eight existing Managing Directors: Edward C. Johnson 3d, William L. Syrnes, Lord James Crichton-Stuart, Charles A. Fraser, Hisashi Kurokawa, John M.S. Patron, James E. Tonner, Managing Managing Control of the Maduro & Curiel's Trust Company N.V.

Approval of the Baience Sheet and Profit and Loss Statement for the fiscal year ended November 30, 1980.

 Ratification of actions taken by the Managing Directors since the last Amnual General Meeting of Shareholders, including payment on February 25, 1981 of the interim dividend of \$0.50 per share declared by the Managing Directors to shareholders of record on February 11, 1981. 5. Ratification of actions taken by the Investment

Manager since the last Annual General Meeting of Shareholders. Proposal, recommended by the Managemen amend Article 12 of the Fund's Articles of

amend Article 12 of the Fund's Articles of Incorporation, as approved by the Directors at their meeting of June 9, 1981, to give the Management of the Fund discretion as to whether to permit a U.S. Person to purchase shares of the Fund or to require a shareholder who becomes a U.S. Person thereupon to sell his shares to the Fund and further to give the Management of the Fund discretion as to whether to permit a person opurchase a number of shares of the Fund in excess of three percent of its authorised capital or to continue to hold shares in excess of such amount; in lieu of the present provisions of said Article which grant Management no discretion as to whether or not to enforce the terms of such provisions in any particular instance.

Proposal, recommended by the Management, to

Proposal, recommended by the Management, to amend Article 13 of the Corporation's Articles of Incorporation to include as additional categories of U.S. Persons permitted to purchase stures of the Corporation the following, such categories to constitute additional clauses (iv) through (vii) of constitute an

"(lv) any officer or Director of any directly or indirectly owned subsidiary of any party (the 'Manager') with which the Corporation may have

coacluded an investment management or advisory agreement or any officer or Director of any party which has concluded a subadvisory contract with the Manager, (v) any professional adviser to the Corporation or to any party referred to in clause (iii) or (iv) above, (vi) any spouse, any lincal descendant or ancestor, or any spouse, any lincal descendant of any sibling, of any individual referred to in any of clauses (iii), liv) or (v) above, or [vii) any trust primarily for the benefit of any person referred to in any of clauses (iii) through [vi) above." [Clause (iii) includes as permitted U.S. purchasers the officers or Oirectors of the Manager, any corporation which owns a majority of the Manager's voting securities and any subsidiary of such a corporation controlling the Manager.]. Such other business as may properly come before Such other business as may properly come before

Holders of registered shares may vote by proxy by mailing a form of proxy obtained from the Corporation's Principal Office in Pembroke, &ermuda, from Fidelity International Management Limited in London, of from the Banks listed below, to the Corporation at the

ks asted below, to the Corporationing address:
Fidelity American Assets N.V.
c/o Maduro & Curiel's
Trust Company N.V.,
P.O. Bos 305,
Curacao, Netherlands Antilles

Holders of bearer shares may vote by proxy by mailing a form of proxy and certificate of deposit for their shares obtained and filed in the manner described in the preceding scotence. Alternatively, holders of beater shares wishing to exercise their their shares wishing to exercise their states. holders of bearer shares wisning to exercise their rights personally at the Meeting may deposit their shares, or a certificate of deposit therefor, with the Corporation at Schottegatweg Oost, Salinja, Curecao, Netherlands Antilles, against receipt therefor, which receipt will entitle said bearer shareholder to exercise such rights.

All proxies (and certificates of deposit issued to Dearer sharebolders; must be received by the Corporation not later than 9.00 a.m. on July 10, 1981, in order to be used at the Meeting.

By Order of the Management Charles T.M. Collis

Fidelity International Management Limited auckingham House, 62/63 Queen Street, Londoo EC4R LAD, England The Bank of Bermuda Limited

Kredietbank S.A. Luxembourgeoise 43, Boulevard Royal Luxembourg

FIDELITY AMERICAN ASSETS N.V. is a diversified Investment Company with the investment objective of seeking long term capital growth from a diversified Portfolio of American Equities.

The last quarterly reports showed the Fund's assets invested 59% Oilfield Services & Supplies, 10% Oil & Cas, 8% Restaurants, 6% Natural Gas & Liquins Distribution, 5% Defence, 12% others.

The Fund was launched in October 1974 at \$10, is now valued at \$42m and

the share price has risen 329% to \$42.93 at June 17, 1981.

Copies of the latest quarterly and annual reports can be obtained from

Outerbridge Building, Hamilton, Bermuda Tel: (809) 295 0665 Telex: 0280 3318

Queensway House, Queen Street, St. Helier, Jersey, C.I. Tel: (0534) 71696 Telex: 4192260

Buckingham House, 62/63 Queen Street. London EC4R 1AD Tel: 01-248 4891 Telex: 8813900

ment appears as a matter of record only

The Federal Republic of Nigeria

US \$ 575,000,000 Facilities related to the Iroo and Steel Complex at Ajaokuta

US \$ 348,000,000

medium term loan

Lead managed by Banque de Paris et des Pays-Ba Banque Nationale de Paris Barcleys Bank S.A., Paris

Citicorp International Group Crédit Lyonneis National Westminster Bank Group Groupe Société Générale Standard Chartered Bank Limited Al Ubal Group Arab Bank Investment Company Limited IBJ International Limited

Co-Managed by Bengue de la Société Financière Europé SFE Grosp Arab Back for Javestment and Foreign Trade entaic "B.I.A.O." Crédit de Nord leaque Nordique

Banque de Paris et des Pays-Bas Banque Nationale de Paris Barchays Bank S.A., Paris Chibank, N.A.
Crédit Lyoquels International Westminster Bank Limited Société Générale Union de Banques Arabes et Pranquises-U.B.A.F.
Standard Charactered Bank Limited Arab Bank Limited (OBU), Bahrain The Industrial Bank of Japan, Limited
Michand Bank Limited Arab Bank for investment and Foreign Trade Manufacturers Hanover Banque Nordique
Banque de la Société Financière Baroptenne
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Stat Cown

Banco de Bilban S.A.

Crédit du Nord Provided by

STE Grosp

Banque Internationale pour l'Afrique Occidenzie (B.I.A.O.)

Banque Internationale pour l'Afrique Occidenzie (B.I.A.O.)

Banque Internationale pour l'Afrique Occidenzie (B.I.A.O.)

The First National Bank of Chicago

Frab-Bank International

Linion Translamme de Banques Paris

Banque Française du Commerce Extérieur Commerchank A.G. Succursale de Paris

Councy Bank I.Imited National Bank of North America (Nassao) Bahamas Printburgh National Bank

The Hokkeide Talenshoku Bank, Limited Indian Overses Bank Singapore Société Générale Alsacienne de Banque

The Chao Transl Banking Company Limited London Branch

UBAR Arab Japanese France Limited

Union Méditerranéenne de Banques

Société Financière Electrique de Banque (S.F.E.B.)

Banque Commerciale pour l'Europe du Nord (Eurobank)

Banque Pranco Yougosiave

Banque Intercontinemale Arabe

Banque Verve Morin-Pops F.E.B.) Al Saudi Banque Bank of Bairana and Kawait, B.S.C.
Banque Commerciale pour l'Europe du Nord (Euroban).
Banque Intercontinentale Arabe Banque Vesve Morin-Pona
Crédit inclustriel de l'Ouest The Taipo Kobe Bank (Luzembourg) S.A.

Agent Banque de Paris et des Pays-Bas

FF 1,245,000,000

export credit facility

Manager Banque de Paris et des Pays-Bas

Banque Nationale de Paris National Westminster Bank Group

Barcleys Bank S.A., Paris Crédit Lyounais Société Générale Union de Banques Arabes et Françaises U.B.A.F.

Arab Bank Limited

Busque de Paris et des Pays-Ba Bercieys Back S.A., Paris Crédit Lycensis Société Générale

Standard Chartered Bunk Limite

Citibank, N.A., Paris

Freb-Bestk International

Union de Banques Arabes et Françaises-U.B.A.F.

Commerzhank AG, Satemarie de Paris Pittsburgh National Bunk

Banque Franco Yougoslave

per Veuve Morte-Pour

With the participation of otionale pour l'Afrique Occidentale "B.I.A.O." The First National Bank of Chicago Banque Française du Commerce Extéries

> Société Générale Alsacienne de Rapone Société Financière Electrique de Banque (S.F.E.B.) Banque Commerciale pour l'Europe du Nord (Eurobank)

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Coordinated by BANQUE DE PARIS ET DES PAYS-BAS

rafiles feet EXTRAORDINARY GENERAL MEETING OF THE NOTEHOLDERS 14%% 1980-1985 . : :: 417 mau Paine bet. SECOND NOTICE šiaruliam lic^h The holders of international notes 1434% 1980-1985 issued by LA REDOUTE A ROUBAIX who were called for June 18, 1981, being unable to meet validy for lack of quorum, the noteholders are again convened to an Extraordinar General Meeting, 57, rue de Blanchemaille, ROUBAIX (France), on June 39, 1981 at 11.30 a.m. in order to consider the same agenda as that for merbers, Inc. etheim kink

the first meeting, that is:

— Communication of the board of Directors relating to:

LA REDOUTE À ROUBAIX

rporation organized under French Lew (Société Anonyme)
Capitali French france 46,289,450
Head Office: 57, rue de Blanchemuille, 59100 ROUBAIX (Fra
Trade Register: R.C.S. HOURAIX B 475 682 522

1. Partial sacets of LA REDOUTE À ROUBAIX transferred to three of its subsidiaries;
2. Ameniments of the articles of association including namely the transfer of the head office, the alteration of the name and activity of the company as well as the change of the company into a "Société Aronyme" governed by the articles 118 to 150 of the French law of July 24, 1966 relating to Commercial Companies; -Approval of the proposal for the partial transfer of assets
-Approval of the proposal of the alteration of the Company's activity
-Decision on the method of recording the

Powers tobe conferred for the execution of the required formal-To permit the noteholders to attend or to be represented at this meeting, the notes or their diposit receipts, must be deposited at least five days before the date fixed for the meeting, at the offices of the banks having participated in the placing of these notes and from whom proxies or admission eards can be requested. This meeting shall be validly held if the holders of twenty five percent of the distanding notes are present in person or represented.

THE BOARD OF DIRECTORS.

Greece's Public Power Corp. has asked for bids on a loan totaling up to \$175 million and is expected to award a mandate later this week. The question here is how much of a % percent element PPC syndicate the central bank's 10-

year loan because it carried a low % point margin over Libor for In Africa, Morocco is in the

By Winston Williams

New York Times Service PEORIA. Ill. - It is the longest running, most profitable act ever to play io Peoria, and it is used to pushing things around. Caterpillar Tractor Co., or Cat, as it is known from Wall Street to dusty construction sites, is the world's largest maker of giant earth-moving equipment and, among U.S. ex-porters, second only to Boeiog. Self-confident, inbred, tight-

lipped and conservative. Caterpillar has doggedly stuck to triedand-true basics in the manufacture and marketing of its bright yellow constructioo equipment, diesel engines and lift trucks. It has done so with considerable success: Caterpillar commands not only one-half the world market for construction equipment but also deep respect on Wall Street as a well-run if ungiamorous company.

But the giant earth mover is suddealy receiving its first real criticism from the investment community in years. In part, that new skepticism centers on Caterpillar's aggressive decision to pluoge deeper into the diesel engine business. But it also reflects troubling developments in Caterpillar's markets, Current sluggish demand in the construction industry, as well as new and rejuvenated foreign competition, threaten to slow its histor-

ically strong growth.

Last month Caterpillar startled Wall Street and some of its competitors when it agreed to pay \$505 million in cash for Solar Turbines International, a division of International Harvester, in effect helping to bail out Caterpillar's crip-pled rival. Solar. Harvester's most profitable operation, is a California-based maker of gas turbines and compressor sets that are selling like hot cakes in the oil and gas drilling industry.

High Price Tag

The price tag was what concerned analysts. What Caterpillar paid was more than the total market value of all of Harvester's commoo shares at the time of the deal and twice the book value of Solar

To add to Caterpillar's frustra-tions, while Lee L. Morgan, the compaoy's urbane 61-year-old chairman, was negotiating the acquisition of Solar, some congressmen and administration officials were voicing "serious concern" over Caterpillar plans to sell to the Soviet Unioo 100 pipelaying ma-chines valued at \$40 million.

The threat to the deal comes at a time when the company's export business is feeling pressure from the strengthening dollar, which drives up the price of U.S. exports, and the Reagan administration's plan to sharply curtail fuoding for the Export-Import bank, which will restrict credit available to

Soviet Trade Dates to 1920s

New York Times Service

PEORIA, Ill. - The latest controversy over Caterpillar's proposed sale of 100 pipelaying machines to the Soviet Union for \$40 million is but one in a series of oo-again, off-again trade agree-

ments that go back to shortly after the Russian Revolution.

Caterpillar and the Soviet Union decided last year to ask for permission to export 200 of the machines to help build a natural gas pipeline from Siberia to Western Europe. When the pipeline plans failed to go anywhere, the Soviet Union still sought 100 machines for use oo projects inside the Soviet Union.

"The perception around the world is that Caterpillar has the better pieces of equipment," said John McGinty, an analyst at First Boston. "They have a fantastic distribution network, and when the machines break down, they get them fixed better than

Caterpillar's first order from the Russians came in the 1920s for earth-moving equipment for the large state farms. During the '20s and "30s exports continued to trickle from Peoria until they were

interrupted by World War II.

The Cold War cut off all trade between U.S. companies and the Soviet Union, but the thawing of relations and the advent of detente opened the Soviet market again to Catepillar in the early 1970s, though the Soviet business has oever been very significant for Caterpillar, amounting to about \$50 million a year recently.

overseas buyers of Caterpillar equipment.

"It's quite common for a company to react as they're doing," said Alexander Blanton, an analyst at Merrill Lynch, Pierce, Fenner & Smith. When you're generating more cash than you can use io your existing businesses, you either expand your product line or ac-quire something new." But Mr. Blanton did question, however, whether the purchase was the best use of Caterpillar's fuods.

In addition, he warned of the pitfalls of entering a new area of business. "The risks always increase when companies go outside their areas of expertise," Mr. Blanton said, "They [Caterpillar] have expertise in diesel engines but not in gas turbines."

The generous premium that Caterpillar paid for Solar, which has a

book value of \$240 million, has led to many theories in the investment community. One theory holds that the company showed its ignorance of the gas turbine business by making such a large offer and that such a move may be a harbinger of mistakes to come in an unfamiliar

Another is that Caterpillar, unafraid of Harvester's presence in the construction business, wanted to keep Harvester alive as a vexation for Deere & Co., which, in strong command of the troubled farm equipment business, has re-ceptly become the major domestic competitor of Caterpillar in the construction business. Last year, Deere's construction volume totaled \$981 million.

But Mr. Morgan said the purchase was based on strict financial considerations. "It's worth that much to us," he said during a rare going concern and an accounting number called book value. It's like

paying \$5 million for a Renoir. It's

what the market demands," be

For years, Caterpillar had been working on its own gas turbines and compressors, which are more suited to offsbore drilling than diesel engines. But the company maintains that buying Solar's plants and exportise was a better way to get into the market.

It is all part of the company's new emphasis on engines and pow-er generation, currently about 25 percent of Caterpillar's revenues. which are expected to reach \$9 bil-

"The industrial engine business is strong all over the world." Mr. Morgan said. "It's growing much more rapidly than our other businesses. We want to grow as rapidly as we have in the past — about 16 percent to 17 percent in revenues and profits - and we'll be counting on the engine business for much of that growth."

Some analysts warn that Caterpillar is headed down a perilous road, taking on such formidable adversaries as Cummins Engine and Detroit Diesel Allison, a subsidiary of General Motors, in the

Not everyone believes, however, that buying Solar will turn out to be a mistake. Citing Caterpillar's efforts to build its own gas tur-bine-driven compressor set, Eli Lustgarten, an analyst at Paine Webber Mitchell Hutchins, said, They know a lot more about these products than people give them credit for." Most securities analysts do expect, bowever, that the acquisition will dilute earnings for the oext few years.

interview at corporate headquar-ters. "We're talking about the dif-ference between the value of a 1971 and with nine dividend in-

Close Option & price

creases in the same period, Caterpillar stock has been a favorite of bank trust departments. Currently institutions hold about 60 percent of the shares. Last week its shares commanded a price-earnings ratio of 11, a respectable multiple for an old-line manufacturing company.

Io this year's first quarter, while construction was severely depressed in the United States and Western Europe, Caterpillar earned \$142.4 million on revenues of \$2.19 billion, down slightly from \$143.9 million a year earlier on revenues \$2.10 billion. For 1980, the company reported a 15 percent jump in profits to \$564.8 million on revenues of \$8.60 bil-

In order to keep its numbers at such respectable levels while most domestic vehicle makers linger at death's door, Caterpillar bas always paid strict attention to the efficiency of its plants, the products of its dealer network. And the company insists that such practices serve it well during any softness in the construction in dustrial and such as the construction in dustrial and softness.

in the construction industry ahead. Since 1972, the company has spent \$3.3 billion to expand and modernize its facilities, increasing worldwide manufacturing space by 54 percent. Caterpillar contends that it could now expand its production by 25 percent without any new plant or equipment.

Wobbling Market

Much of the company's production capacity employs state-of-the-art technology, such as robots and automatic assembly lines, to cut down on pollution and to enhance

All the attention to low costs may be of limited value in a wobbling construction market, however. Sales have been down in the United States for several quarters, as a construction slump followed a maturing of demand for earthmoving equipment after the bey-day of the interstate road-building program. That growth was re-placed largely by booming markets in the Middle East, Africa and Latin America.

Now even these markets may be ready to soften. "Because of high interest rates the whole general construction market is not expect-ed to do that well in the 1980s." Mr. Lustgarten.

And while the construction market is slowing down, foreign com-petitors are gaining muscle. Ko-matsu, the world's second-largest producer of earth movers, although commanding only 15 perceot of the market, has adopted the slogan "Encircle Caterpillar."

1BH of West Germany has acquired Terex, also of West GermaNEW YORK (AP)-Meekly Over the Counter. stocks giving the high, low, and had bid orices for the week with the net change from the previ-ous week's lost bid orices. All qualations sup-plied by the National Association of Securities olled by the National Association or Sections: Declers, Inc., ore not octual transactions but are representative interdeder prices at which these securities could have been sold. Prices do not te-clude retail markey, mandatum or commission. Soles subalised by NASD.

ny and Fiat now owns Allis-Chalmers's tractor business.

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For the Week Ending June 19, 1981

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THE BOARD OF DIRECTORS

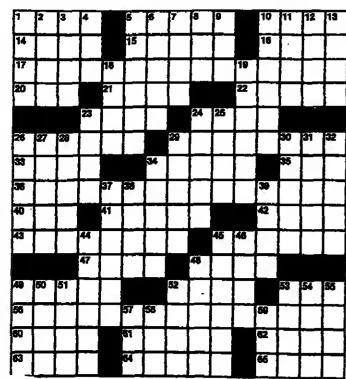
ublished every Monday, this is a compilation of senior positions published in the INTERNATIONAL HERALD TRIBUNE and other selected publications. Comments concerning this feature can be addressed to Juanito Caspari in Paris.

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East east South East Asie; 25,656, 17,770, 15,710, 11,845, 9,570,4,175 and 2,915 KHz in the 11, 14, 19, 25, 31, 40 and 76 moder bands. Also for Shacecre early: 82,500 KHz VHF.

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Abrica; KHz 26,040, 21,640, 17,670, 15,550, 11,915, 9,7407,280, 6,225,5,975, 3,970 on the 11.5, 13.0, 16.0, 19.4, 25.2, 30.3, 41.2, 47,50, 75.2 marker bonds.

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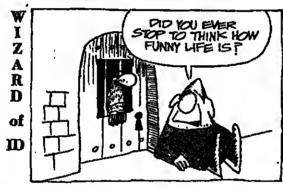




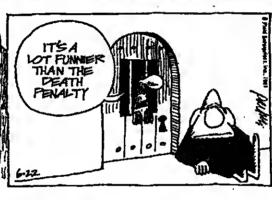






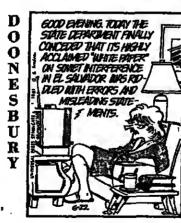












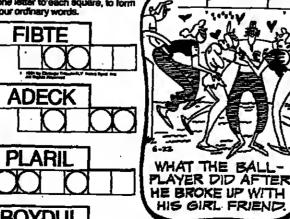






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by Hend Arrold and Bob Lee one letter to each square, to form four ordinary words.



BOYDUL Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Jumbles: CREEL OLDER SUPERB PUSHER How you might address a German barber— "HERR DRESSER"

"Registered as a newspaper at the Post Office"
"Printed in Great Britain"

DENNIS THE MENACE



DID YOU KNOW MARGARETS GOT MAGIC GLASSES? SHE SAID SHE COULD SEE RIGHT THROUGH ME!"

BOOKS

THE STOLEN JEW By Jay Neugeboren. 322 pages, \$14.95. Holt, Rinehart and Winston, 383 Madison Avenue. Reviewed by John Leonard

TOWARD the end of "The Stolen Jew," Nathan Malkin thinks about a novel he had written many years ago: "and where in his book — this book that others claimed to love - were the names of trees, and the passages of seasons and a feeling for what the villages and landscape truly looked like?"

Jay Neugeboren, the author of four other novels and a collection of short stories, is uncanny. I had just scrib-bled a note to myself: "The Stoken Jew" is an "in-doors" book, a novel written inside an apartment house, or on a bus, or in the cabin of a plane. The landscapes are historical (5,000 years of Jewish history), literary (Tolstoy and Isaac Babel) and interior (the family contracting on itself so that, like God, it creates life). Whether we are in Brooklyn, in Israel or in the Soviet Union, we are inside Nathan's head, which is furnished with ghosts for whom there is no season, nor is there any weather.

Almost any other writer so prodigal and ambitious would have devoted page after page to the neighborhood that had become a slum, the wildlife sanctuary in which a young woman is murdered by terrorists and the sullen city where tourists must communicate by Magic Slate for fear of electronic surveillance. When Nathan, however, sees the old women in white aprous and black boots cleaning the streets of Moscow, he thinks of his mother on her knees cleaning the kitchen floor in Brooklyn. A kind of claustrophobia prevails, and it is deliberate.

Everything important in "The Stolen Jew" happens inside — the licking of feet in the living room, the breaking of dishes in the kitchen, the conversation in a mental hospital, the Shabbos being celebrated by Russian Jews who hope to emigrate before the Moscow Olympics. It is as if the novel itself were contracting, down to a seed, and the seed is the word, and the word, like an extra eye, will burn its way to truth.

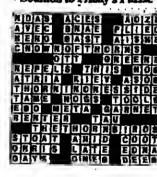
God the Storyteller

Nathan's father, a Russian Jewish emigrant who once had the makings of a scholar and a rabbi, is a failure in New York. Nathan's mother, who degrades" his father, insists that the oldest child "must know everything" even if she is incapable of loving him; that is one of the things he knows. Nathan's younger brother, Nachman, will go mad, perhaps because he went "omside" and fell from a fire escape. Nathan, like his father, will tell stonies: "God created the world because He loved stories." Unlike his father, Nathan will make money, in ladies' garments. The money will pay for Nachman's various hospitalizations.

Like the book Nengeboren has written, the book Nathan writes is called

"The Stolen Jew." It is set in 19th century Russia. The son of a wealthy Jew is summoned for 25 years of service in the czar's army. The father arranges for another blue-eyed Jewish boy to be kidnapped and substituted for his

Solution to Friday's Puzzle



own boy. Father and son escape v United States, Vengeance follows As Neugeborea contracts his r we begin to understand that Na

has written — he has even pred — his own future, in terrible) cence. We read chapters of the; nal "Stolen Jew" as Nathan in them late in his life to answer emotional needs of what's left c family. Everything is twinned: si tutions, violins, mental hospitals cides, book burnings, dead some cissism, the lamp and the minx the literature is Jewish, it will n

No-Frills Fiction

Thus Nathan, who has lost his and son and retired to israel, re to New York to mourn his brot suicide and to love his brother's He is haunted in New York, as he be in Moscow, by the characters i only book and the characters in only life. He will collect secrets, give them away. He will want to a different book in all seven roor the house of his childhood. We reading that compendium, and w made aware of its historical inacmade aware of its historical inaccies. One story contains all storie must hack our way through the bage to the heart. In this no-frill tion, the deeper we go and the saw we get, the more fearful we becom like the made is a psychiatric who manuse.

is a psychiatrist who wants to hero. Naturally, there are t clothes and much furniture conceal and contain. Naturally w asked at one and the same time t derstand the Torah and Willa Ct Tolstoy and Babel and baske. Naturally, art is a form of ster from God, whose magic we a Naturally, the word is a carpen-lie. Break the dishes and lick the

In Moscow, on a fool's mit than forged drafts of his own L.

Nathan will be dismissed — or

haps, liberated — by everybod
has invented. It is as if history
pardoned him and he can stop us iokes. The manuscript he brings from Moscow to New York is s thing he hasn't written. Is it an-

The seed, the heart and the secre all as small as Cain and Abel. and Ishmael, Jacob and Esau, Jc and his brothers. How can we rebly love enough? Neugeboren written good novels before — I c of "Big Man" and "An Orph".

Tale" — but they did not prepar. for this excellence, this landscap: angry beginnings.

John Leonard is on the staff New York Times.

'Druid' Priests **Greet Solstice**

The Associated Press LONDON — Thousands of personal surrounded Stonehenge at dawn IICA day to watch white-robed, neo-D priests welcome the summer sold with a Midsummer's Day ritual at [] center of the two rings of giant ste in Salisbury Plain, about 60 miles kilometers) from London.

Police guarded the fence surror ing the neolithic site, which is 1 ain's most popular tourist attrac-after the Tower of London M spectators had waited through might for the ceremony. A rock if val in three nearby fields was attenby about 20,000 people. The modern Druids claim

nchange is the ruin of a Druid tem

By Robert By

CHESS

THE problem peculiar to the strategy of playing to cramp the enemy position is that to make the advantage in space count, line-opening pawn exchanges are necessary, but these will often relieve the defender's difficulties. On the other hand, if one goes on crowding the opponent's formation without making a provision for open lines, there may come a point when he can block the struggle completely, transforming the superiority

in space into a paper tiger.

The game that United States cochampion Walter Browne won from R. Filguth, a Brazilian master, in the Colmeia International Tournament in Brasilia shows typical cramped position problems.

this led to only a very slight advantage after 10 R-B1, P-B4; 11 B-K2, PxBP; 12 QPxBP, PxP, 13 P-N5, B-N2, 14 Q-B2, P-QR3, 15 PxP, RxP, 16 NxP. Filguth's 5 . P-B4 challenged Browne to a committing advance in the center, but after 6 N-B3; N-B3; 7 Q-R4, Q-B1; 8 P-Q5, he discovered that 8 . . . PxP; 9 PxP, BxB; 10 KxB, N-QR4; 11 P-K4 would not have allowed a way to escape the

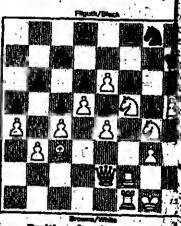
threat of 12 P-K5. After 10 B-Q3 (10 P-K5?, N-N5), it was evident that Filguth's plans for counterplay against the White center had not materialized. Nonetheless, it was not easy to proceed against his solid, though constricted, position.

There was an opportunity for much-needed simplification with 16 . . . N-R7!?; 17 NxN, BxNch; 18 K-R1, B-B5, but Filguth let it pass. Browne's not-so-innocent 20 B-Q3 threatened to gain a piece with 21 P-K5!, thus forcing the return 20 . . . N-B3.

The effect of locking the center with 21 . . . P-K4 was to give White an unmolestable initiative on the kingside, but opening the center. would have enhanced Browne's mobility.

Browne's maneuver 31 B-K2, 32 B-KN4 and 33 B-K6 brought his KB to its optimum square, but what was he to do after 34 . . . N-QN1? His 35 P-B5, BxB; 36 RPxB ran the risk that Filguth would find a way to permanently block the position.

However, the Brazilian went wrong timost at once with 37 . . . N-R3: 38 R/I-KB1, N-B2; 39 P-R5, P-KN4; 40

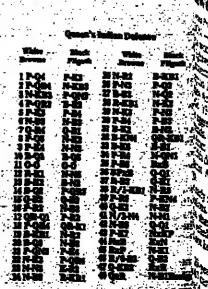


Position after 42 . . . Q-QI

N/2-N4, N-K1, it would have be difficult indeed for Browne to pen trate the Black position. Moreow 37 . . . Q-K1? was totally ineffects since after 41 N/2-N4, it was impos since after 41 N/2-N4, it was impost
ble to play 41 QxKRI
without losing a queen to 42 NxPdiv
on 42 Q-Q1, Browne end
necred the decisive breakthrough wit
43 P-K71, NxKP, 44 NxB, KxN;
RxP. After 45 N-K1, he core
have won the KRP starting with
RxR, but now his position was ove
whelming and he was out for high whelming and he was out for high

things.
In the midst of playing 48
B1, Filguth noticed that he was about to be crushed by 49 NxKP! PxN.

BxPch, QxB; 51 Q-B7mate, so, to a light of the parameters are the threw in a





urns Again Finds Himself 18 Holes From a Dream'

By John Feinstein

MORE, Pa - George has been this route before. s led golf tournaments after les, after 63 holes, after 70 and always found a way, in rds, "to kick them away." irday night, after three suounds at the Merion Golf

Burns was 18 holes away viping out those bad memoemphatic fashion. At 7-un-r 203, he was leading the Open by three shots. His lowest 54 hole total 81 year history of the tour-

18 holes away from a Burns said after shooting 68 on a day when rain softhe course early and wind ted it late. "I've got a long o go. I just want to go out row and make 18 pars and other guys shoot at it." other guys will have to

the lights out to catch Burns. osest is David Graham, who

Top Officials Rescind

Penalty for Golf Delay

By Gordon S. White Jr.

RDMORE, Pa. - In a highly unusual move by three top offi-

Is of the U.S. Golf Association, the Special Rules Committee of U.S. Open championship overruled the association's top rules

icial and rescinded a two-stroke penalty against John Schroeder
d Forrest Fezier for slow play Friday in the Open's second

The penalties were assessed by P.J. Boatwright Jr., the USGA's

rules official. Schroeder, who has a reputation as the slowest

eyer on the PGA Tour, and Fezler were notified by Boatwright

add two strokes to their cards as they walked off the 18th green

Schroeder and Fezler immediately appealed to the rules com-

ttee and, with John Brodie, the other member of the threesome, re quickly granted a hearing in the clubhouse of the Merion of Club.

Boatwright, a member of the rules committee, gave his reasons

imposing the penalty, defined in rule 37-7 as "undue delay."

en Schroeder and Fezler defended themselves with the help of

odie, an amateur golfer and the former quarterback with the

n Francisco 49ers. The committee then voted, 3-1, against im-

As a result, Schroeder kept his score of 2-under 68 for a 139

tal midway through the Open. Fezler shot 74 for 142. Brodie

id rounds of 80 and 82, and failed to make the cut. On Saturday,

throeder carded a 69 to leave him tied for fourth place at 208.

zier shot a 71 and was far back at 213. Had Boatwright's penal-

been upheld, it would not have prevented Fezler and Schroeder

on going on to the third round, but it would have had an effect

The committee members who upheld the two professional golf-s were Will F. Nicholson Jr., president of the USGA: James R.

Fillid r., USGA secretary. Boatwright is the USGA executive director

and, a vice president of the association, and William J. Williams

r rules and competitions and, as such, the leading official on the

1-Best Legal Long Jump

merican, 19, Records

minutes after the group ahead of them.

sing the penalties.

- their final standing.

jurse during USGA competitions.

By Robert Facher

RAMENTO, Calif. — Carl

19 years old, jumped 28 feet
thes Saturday night, the secest legal long jump ever, then
across Hughes Stadium 45
es later and outran an out-

- - - ng field in the 100 meters in

is thus became the first man

" * d U.S. track and field cham-

Jesse Owens in 1936 to win

ig and field events in this

matching the double he ed in the NCAA champion-

wo weeks ago.

word legal was the key dife between Saturday night's
ump and Lewis' 28-7% pernce in Friday night's qualifyhe wind, measured at 10.21

riday, dipped below the al-

stood at he head of the run-

he 10,000 fans and numerous

unphers waiting expectant-

did not disappoint them.

the landed it was obvious the

nad been a good one. There moment of suspense while flags were raised at both

point and wind gauge, then

jump broke Bob Beamon's

s Stadium record of 27-4 set

3, the same year Beamon es-

ed the world record of 29-

the Mexico City Olympics.

of 28-14 at the 1930 Olym-

in Moses, unbeaten in the

rediate hurdles since 1977, 1 into Sunday's final in 50.18 ls. And, for the first time in

guello Beats

United Press Int

tt to Capture

ald not keep the challenger at

has 67 career victories. He has world titles in the feath-

ht, junior lightweight and

right categories.

29-year-old Nicaraguan

ly other 28-plus legal jump utz Dombrowski's winning

Moment of Suspense

he dramatic announcement.

had 70 on Saturday and was at 206. Bill Rogers, virtually unnoticed most of the day, was third at 207, followed by Jack Nicklaus, John Schroeder and Chi Chi Rodriguez at 208.

Ben Crenshaw, who shot 64 to tie the course record, led four players at 209. The others were firstround leader Jim Thorpe, who had 70 on Saturday, John Cook (71) and Tommy Valentine (72). Tom Watson, who 24 hours ago pro-nounced himself "excited" about his chances, shot those chances downwith a triple bogey 7 at the 15th hole, finishing with a 73 for

If Burns withstands the pressure of leading the Open and becomes champion, the 11th hole at Merion, the hole where Bobby Jones completed his Grand Slam 51 years ago, will have added another slightly implausible tale to its already rich history.

Burns came to 11 on Saturday 7 under par, leading Graham, his playing partner, by two shots and

completely misjudged the situation," he said later. The hole was playing downwind and I should have hit a 3 iron. Instead, I hit the two and got it left."
The ball landed in some cable

mowings, grass that has been turned over to lay television cables, meaning that there was grass flopped over on top of Burns' ball.

Burns tried to punch a pitching wedge, trying to get the ball out of the grass and near the green. But as he swung through the ball, the grass got hold of the club before the club got to the ball and he yanked the shot even further left. into the trees, and, crucially, be-hind a gallery bleacher. "t really yanked it." Burns said.

"I thought when I saw it rolling in there that I might be there the rest of the afternoon.

Lucky Break

Graham, already safely on in two, had one thought as he stood on the green. "He might make a 7 from that spot.

But when Burns arrived at the wayward ball he found help waiting in the form of six USGA officials. The bleacher was directly be-tween Burns' ball, sitting in high, twisted grass, and the green.

Under the rules, Burns was entitled to line of sight relief, meaning he could move the ball to a spot where the bleacher was not in his

Thus, Burns picked the ball up from its borrid lie and moved it 23 yards to his right, where he dropped it. He still had a tough chip and he left it just short of the green. From there he pitched in six feet. He made the putt and es-caped with one of the luckiest bogeys in Open history.

Burns smiled, "If I'd had to play

the ball-from where it was I don't know what I would have made." he said. "In the days of Bobby Jones there wouldn't have been any bleachers and I would have had to play the ball from there. But, that's the way this game is, sometimes you get lucky."

Like Dominoes

The rest of the day he was good, very good. This was a day when the leaders expected to tear tiny Merion to shreds,

Eight players, led by Crenshaw, had posted scores of 68 or better early in the day, the greens being softened by the rain. Crenshaw had declared the course "almost defenseless" after his round, saying he expected his chances to "float away" as the afternoon wore on and the leaders attacked the seemingly vulnerable 6,544-yard

It never happened. One by one those on the leader board met disaster. Watson's triple-bogey was one of three by contenders. Greg Norman, the white-maned Austrahan, took one at number 12 to go from 2 under par to 1 over, where he eventually finished. Bill Kratzert was 3 under until he 10 years, someone other than made 6 at the tiny 129 yard 13th, taking three shots from the back bunker. Nicklaus and Valentine

each made a double-bogey at 14.

The key for me has been avoiding those two shot disasters," Burns said. "I've had chances to have that happen, like at 11, but 1



progress of the ball during the U.S. Open golf tournament in Ardmore, Pa. Burns leads by three strokes after three rounds.

Villeneuve Captures Spanish Grand Prix

JARAMA, Spain - Gilles Villeneuve, a Canadian, powered his Ferrari to a second consecutive Formula One victory Sunday, racing stubbornly to hold on to an early lead in the Spanish Grand Prix and defeat Jacques Laffite by 21 hundredths of a second.

Villeneuve, starting from the fourth row on the grid, took over the lead on the 13th lap when Alan Jones, in a Williams, went off at a hairpin turn and dropped out of contention.

The Canadian, driving in the 104-degree Fahrenheit heat, covered the 80-lap, 169-mile course in I hour, 46 minutes and 35.01 seconds. He was followed by Laffite of France, in a Talbot Ligier. John Watson of Britain took third place in a McLaren.

Reutemann Keeps Lead

Villeneuve was unable to improve his position in the world championship, where Jones's stablemate, Carlos Reutemann of Argentina, maintained his lead with 37 points despite a fourth-place finish. But Villeneuve improved his total points to 21 after back-to-back victories here and at Monaco three weeks ago.

The heat was a very big enemy for the drivers and for the cars," Villeneuve said. "Ferrari did very well and I had no trouble with my car. Without any doubt, we're on The Ferrari engineer, Mauro

Forghieri, was pleased by the way his car stood up in the hot weather. "Villeneuve drove very fast to-day," he said. "But at the same time, he respected his car and was perfectly in control in the face of all attacks from Reutemann and

Jones, the early leader, remains second in the championship with 24 points, followed by Nelson Piquet of Brazil with 22, Laffite with

7, and Riccardo Patrese with 10. Of the 26 starters, nine had to abandon the race, which was at-tended by King Juan Carlos, Most drop-outs suffered mechanical problems with no major incidents, although several drivers rans into trouble on the same hairpin turn that bothered Jones.

After 13 laps, Jones lost the lead when he was forced to make a pit stop after veering off the track. He was back in the race quickly, but had dropped to loth place with illeneuve in front.

The Canadian then engaged in a nip-and-tuck battle with Reutemann, who was less than three car-lengths behind. Reutemann, who has finished 1-2 with Jones twice this year, was pushing for every possible opening to pass the

On the 24th lap, Nelson Piquet and Mario Andretti, early challengers for the lead, powered off the tarmac at the end of the finish straight — the same spot that gave Jones trouble — and fell behind.

Patrese Abandons

Riccardo Patrese of Italy had to abandon the race when his Arrows lost its brakes on the 24th, while the Tyrreli mechanics worked frantically to change the accelerator on Eddie Cheever's car.

After 40 laps, Villeneuve stubbornly kept his lead, just 54 hundredths of a second ahead of the veteran Reutemann.

Prost shot off the track in the same hairpin that got Jones and was forced to abandon, with Watson taking third ahead of Laffite and Piquet, who made a strong comeback after his skid off the

Laffite and Watson passed Reutemann on the 60th lap.

SPANISH GRAND PRIX

the Observer asked, and then answered: "Yes." "Look at Wimbledon honestly. It ruins here constantly. It's always

By Thomas Boswell

Washington Post Service

iournament except its prestige." —

LONDON - Wimbledon was at

Few would guess that this All-England Tennis and Croquet Club

and its 104th lawn tennis cham-

Blessed Saturday with unaccus-

This was the afternoon to see

This was the morning to see

Chris Even Lloyd, the top wom-

en's seed, practicing like a serve-

and-volley wild woman with Virginia Wade. "I'm gonna be mean this year." Lloyd said with a mock snarl. "I'm sick of losing here.

Like the Masters in golf, Wim-

bledon is one of those perennial

sports paradoxes: a collision of eli-

ust esthetics and democratic eth-

ics. Nothing is harder to justify

than vested privilege; Wimbledon's only justification is its

Once credenual-checking const-

ables have sifted out the annointed

and the appointed who are allowed

on the grounds, it would be hard

for a man's spirits to get too riled. Here, two odors seem to mix —

Look on any court and there

seems to be a whilf of past Wim-

bledons begging to be savored

But there will undoubtedly be more banner headlines, like the

one in the Observer this week, which asked, "Is Wimbledon a

racket?" Or like the BBC docu-

mentary that grilled All-England

Club members for their apparently

much greater interest in maximiz-

ing profits than in giving a leg up

to Britain's pathetic tennis pro-

It was inevitable that someone

would eventually ask bow Wim-bledon could gross \$5 million a year and give back the merest pit-

tance - less than a tithe - to soci-

ety. It took England more than a

century to get around to the job; the country is in the midst of a fit

of social conscience, much to

ing high off the profits that should

rightly belong to British tennis?

Transactions

EINLEGALL
American League
CHICAGO—Signed Jim Sutton, Al Jones and
John Hardy, plichers; Donn Koch, calcher;
James Harrus, buttleider, and Bill Crayton, third
boseman. BASEBALL

semon. MINNESOTA—Signed Doug Fregin, pilcher

MINNESOTA—Signed Doug Fregin, Butcher.
National League
CHICAGO—Signed Woll Beede, It's bosemon,
and Mark Nowlin, pitcher.
BASKETBALL
National Baskethati Association
PHOENIX—Signed Alvin Scott, forward, is a
multi-vear contract.

FOOTBALL
National Football League
CINCINNAT!—Acquired Mel Lunsford, de
sive end, from the New England Potriots for

undisclosed consideration."
HOUSTIN—Signed Avon Riley, linebocker:
David Horning, Douglas Lantz, Fronkle Lindsey,
Ernie Robers, and Grep Tyler.
NEW YORK GIANTS—Announced that John

NEW YORK GIANTS—Announced that John Austier, wide receiver; Bill Neil, defensive lock. It: Mel Hoover, wide receiver; Louis Jackson, running back; and Billy Ard, ottensive quard, had agreed to terms.

SAN FRANCISCO—Announced that Jack Reynolds. Inebacker, had agreed to terms. WASHINGTON—Signed Destret Maniley, defensive end: Garv Savre, affensive guard; Darryl Grasil, tockle; Phil Kessel, quarterback; and Allan Kennedv; fackle.

National Hockey League
WINNIPEG—Signed Bengt Lundholm, lett

lan Kennedy; fockle. NOCKEY

Wimbledon's temporary distress.

hydrangeas and history.

Enough is enough.

John McEnroe and Jimmy Con-nors, the second and third seeds

John McEnroe.

Amid Hydrangeas and History,

Players Take Wimbledon Stage

And the hard, ugly numbers follow. Wimbledon, you see, has been investigated by the British governcold. The courts get chewed up. The conditions are just bad. There's ment. A year ago, the minister of sport set up something called the nothing championship about this Smith Committee to look at the lords of the All-England Club. The committee found that the club's cash in hand exceeded \$4 million. its placid, engaging, introductory best over the weekend. While spending \$6 million last year on improving its grandstand, the club spent only \$60,000 on coaching and training for British

pionships, which begin Monday, were under public attack. When Wimbledon's annual \$2.5 million in the till is weighed against the club's paltry \$300,000 tomed sunshine and cathedral sicontribution to the nation's tennis lence, these famous grounds lay secause, the question being raised rene. The solitary preserve of a few dozen practicing players and idle loudly here is: Where is the odd \$1 million or so getting sidetracked?

Fortunately for the club, emphasis will soon shift from its books to its beautiful event.

The sun shone so fiercely Saturwho almost came in blows on Center Court last year, duel for an hour on an obscure side court as day afternoon — once almost breaking through the clouds that Connors looked up in disoel-ief and said. "The entire English though a silver plate were at stake ... and then walk off as practicetime huddies and soon-to-be U.S. Davis Cup teammates. "We're just trying to decide who's skinnier summer has just been condensed into one hour. And it will be over and more misunderstood," McEn-Tennis is, above all, the aristoc-

racy's form of fisticuffs; it is sustained, one-on-one combat testing both skill and personality. This mannerly, non-contact sport de-mands the sort of strong, often col-orful character usually associated with the most brash and visceral

Last year, in the semifinals. Connors told the pouting and complaining McEnroe, eye-to-eye

at the changeover, "My little baby as better manners than you do. McEnroe answered with a curse.

These two men who have the best chance to end Bjorn Borg's streak of five consecutive Wimbledon titles (35 straight matches) exchanged only pleasantries and grunts this day. The banter was lightweight: the concussive hitting was heavyweight.

From all quadrants, groundsmen and workers gathered at re-niote court No. 11 until the pair of stubble-bearded, lean-and-lightning belters were surrounded by chaps in knee-length white coats. McEnroe, suddenly realizing the bizarre nature of their silent gal-lery, said, "Well, Jim, they've always said that someday they'd have to send out the guys in the white coats for us."

For Lloyd, twice champion here, this was one more occasion when she could yow - finally - to be more aggressive on grass. Then laugh at herself, knowing she has made that resolution before. "Ginny's refused to hit with me unless 1 promise to serve and volley every point," she said with a grin.

While the side courts buzzed with activity, the stately Center Court and Court No. 1 were emp-. Both resemble, more than any thing else, enormous replicas of Shakespeare's Globe Theater with an emerald stage set in the center, ready for tennis in the round.

And now, the tennis world waits to see if this will be the summer when Borg gives his rendition of his next masterpiece,



Tracy Austin, who missed most of the winter tennis circuit with a back injury, seems to be healthy for Wimbledon after beating Andrea Jaeger, 6-3, 6-4. in the final at Eastbourne, England.

Austin Repeats as Titlist In Pre-Wimbledon Tune-up

By Neil Amdur New York Times Service

EASTBOURNE, England Two weeks ago, Tracy Austin sat in a locker room in West Berlin and cried, her body encased in eight icebags and her hopes of playing at Wimhledon diministed by persistent back pains and limit-

ed mobility.
Saturday, on the eve of tennis's most celebrated tournament, Ausun achieved a 6-3, 6-4 victory over Andrea Jaeger in the final of the grass court event here. The tri-umph, in 1 hour 13 minutes must be taken as a sign that she has re-gained much of her form and movement at the right time.

In sweeping the final Wimbledon tune-up for the second straight year, Austin ran through six opponents: Betsy Nagelsen, Anne Hobbs, Joe Durie, Anne Smith, Barbara Potter and Jaeger. She considered her renewed confidence more important than having to decide whether to accept the \$18,000 in prize money or a car valued at \$28,000 (she already has one BMW and two Porches).

"I feel I did better than I expected," Austin, 18, said before returning to her hotel for a 20-minute ice treatment. "I had no idea how well I'd do. With only one murnament in the last five months, I wasn't really match-tough.

Last year, after her triumph here, she said she felt ready for the first time to challenge for the Wimbledon title. She reached the semifinals, then bowed to Evonne Goolagong Cawley, the eventual champion. This year she repeated that theme, stressing that ber recent absence from the tour would lessen her burden now. "I think Chris has more pres-

sure, definitely, considering her record." she said, referring to topseeded Chris Evert Lloyd. who bypassed Eastbourne and has not faced Austin since the semifinals of last year's U.S. Open. "Hana Mandlikova has pressure on her. ton. I'd like to see how she comes through. To go from No. 5 on the computer to the No. 2 seed at Wimbledon, people are going to expect a lot from her."

Jaeger, who beat Austin in three sets five weeks ago at an eightplayer event in Tokyo, had reached the final with a three-set victory over Martina Navratilova. Jaeger only six points in his five service seemed eager to prove that her No. games.

5 Wimbledon seeding was a mis-take (she is No. 4 in the world rankings). But she was impatient Saturday, allowing Austin to con-

trol the railies. A Different Rivalry

Serving at 1-all, 15-30, after an early exchange of service breaks, Austin drove a deep forehand across court that appeared to spray chalk on the baseline. "The ball was out," Jueger told the umpire, after the point had gone to Austin. "Why does the white show if the

ball was out?" Austin shot back from across the net. This was the eighth meeting between the two American teenagers, including the Tokyo exhibi-tion, and Austin has won seven times. But the rivalry has changed Jaeger, 16, can match pace with Austin. She may not be as weighty off the ground, but is equal in

depth and angle. Jaeger skidded to 0-4 in the second set, hitting without purpose admittedly "going for too much." But she scrambled back to 4-all in an eighth game that further dramatized the testy aspect of the rivalry.

Another baseline call provoked the unrest. Serving at 30-40, Austin thought Jaeger's deep backhand had gone long, but the umpire overruled the linesman and called good.

"Do you only overrule for her?" Ausun asked. "That was most unfair," Derek Aris, the umptre, retorted,

Tanner Is Upset In Bristol Final

The Associated Press

BRISTOL, England - Mark Edmondson of Australia served in great style Saturday to defeat Ros-coe Tanner, 6-3, 5-7, 6-4, in the final of the grass-court tennis tournament here.

For Tanner, the defeat was a blow to his prestige two days before the start of Wimbledon, where he is seeded No. 8. Edmondson is not seeded. Tanner said afterward: "I don't think I played that badly, but all credit to Mark. He was simply in great form."

Edmondson ran through the first set in 24 minutes, dropping

meanwhile, tuned up for their expected duel in Sunday night's 1,500-meter final here by runnig 1-2 in a preliminary race Friday, with Scott winning in a leisurely Players' Lawyer Alleges Grebey Scheme

By Jane Leavy

shot put. With Seidler retired,

Steve Scott and Sydney Marce,

Denise Wood prevailed at 55-5%.

Washington Post Service
WASHINGTON — Don Fehr, the general counsel of the Major League Baseball Players Associa-tion, said Saturday he believed that Ray Grebey, the owners' chief negotiator, has a predetermined schedule for how and when to progress in the stalled negotia-

"I think there is a good likeli-hood that everything is being done according to a prearranged schedule." Fehr said.

When negotiations broke off Friday, the players representing the union said the strike was orchestrated and organized by Grebey and the owners' Player Relations Committee.

Fehr went further Saturday. "I think the likelihood is that within certain limits, they have sketched out a plan for what they are going to dol. How many people they've told, I don't know. They want to get to a certain result by forcing the players to stay out and threatening to beat them over the head with the strike until they cave in. If they don't cave in, there will be a another series of threats against

htweight Title IDON — Alexis Arguello of igua won the World Boxing il lightweight title with a 15-unanimous decision over ampion Jim Watt of Britain mbley Arena Saturday night, uello, 133½ pounds, was althe aggressor, pushing Watt, pounds, on to the defensive thy from the first bell of the ragainst Alfredo Pitalua two he early rounds, both boxers cautious, but Arguello pro-the sharper punches. Watt, tal, relied on his jabbing, but

them ... It's flat out intimida-

Grebey said: "This is not an organized strike. We didn't call the strike. We'd all be much better off back at the bargaining table rather than engaging in public rhetoric and emotional statements. Our prearranged schedule was to be at the bargaining table today [Satur-

day)."
The strike was in its tenth day Sunday. The season lasts 180 days and a player must have 172 days in order to get credit for a full year's service under the free agent and pension systems. So, unless the players are given service credit for the time they are on strike, those who would become free agents at the end of this year would become ineligible after Saturday, the ninth

Grebey has said repeatedly that the owners would not give credit for strike days. "It is fair to say that it is standard practice in strikes that people striking don't get paid, pension service credit or seniority. Baseball is no different." Grebey said.

The players association has maintained that they will not settle without it. Febr said, "One of the things they wanted was to get past the ninth day, so they could use this against the players."

The longer the strike goes on, the more ancillary issues there will be to solve, complicating the terms for a settlement.

If the strike lasts as long as the All-Star game, scheduled to be played July 14, the pension contri-butions that would be made to the players would also come into question. The owners are supposed to contribute \$2.4 million to the players' pension fund after the All-Star

Pole Vault Record Set by Frenchman

United Press International MACON, France - Thierry Vigneron of France set a world pole vault record Saturday with a leap of 5.80 meters during an interna-tional track and field meet in this Burgundy town.

The previous record was estab-lished July 30, 1980 by Władysław Kozakiewicz of Poland, who cleared 5.78 meters during the Moscow Olympic Games.

game. The World Series is worth about \$13.1 million to the players. The players association con-

tends that the owners will not be excused from making those contributions, in the event the strike goes that long, because they believe the owners have engaged in an unfair labor practice and have failed to bargain in good faith. A hearing on that charge is scheduled to begin June 29. The owners had been scheduled

to meet Wednesday in Kansas City, 10 discuss broadcast contracts and to get an update on the strike negotiations. But Grebey said the meeting had been can-

Nigel Mansell, Britain, Latus, 1:47:03-58.
 Alon Jones, Australia, Williams, 1:47:31-58.
 Mario Andretti, U.S., Alfa Romea, 1:47:3580.

1. Giles Villeneuve, Canado, Ferrari, 1. 46:15,91, 2. Jocques Lathie, France, Taibol, 1:46:35.22, 3. John Watson, Britain, McGren, 1:46:35.23, 4. Carlos Reutemoen, Argentino, Williams, 1:46:36.01, 5. Ello de Angelis, Halv, Lotus, 1:46:36.25, bitasi Marcelli Reiter, 1.

GRAND PRIX STANDINGS Janes. 24 Villeneuve, 21, Loffile, 17, 8. Eadre Chever, U.S., Tyrell, S. 8. Didler Pironi, France, Ferrari, S. 8. Mansell, S.



HISTORIC ROUT — Captain Graham Mourie forcing Scotland's John Rutherford wide as New Zealand beat the touring Scots in Auckland, 40-15, piling up the biggest All Black score in rugby union test history. The hosts, playing in white jerseys Saturday to avoid televised confusion with the Scottish blue, scored seven tries to remain unbeaten by Scotland in 11 matches since 1905. Mourie's men had won the first of the tour's two tests, 11-4, in Dunedin.

'In' and 'Out' Words

NEW YORK — Only fuddyduddies go to the gym, or to the drugstore, or to Europe; the upscale (formerly hoity-toity) crowd goes to the spa, or to the pharmacy, or to the Cootinent. The truly avant-garde know that nobody who is avant-garde uses avant-garde anymore: They are the trendies, or the

cutting edge.
If you think of yourself as mid-dle-aged, life is dle-aged, life is passing you by; oo the other hand, if you are in midlife, it is you who are passing life by. Similarly, if you are divorced, you Safire

divorced, you same may consider yourself damaged goods, but if you are orwly single. you think of yourself as having been through a character-huilding experience.

Language has always revealed caste. A geoeratioo ago, Prof. Alan C. Ross pioocered "U" and "Nonand receotly Phyllis Martin came up with a list of plus-and-minus words to suggest usage that separates the out-of-it from the oncop-of-ic.

A decade ago, the passé people would say rich while the with-it types would say affluent; now the passe say afflueot and the with-its say wealthy; in the same way, there used to be a split oo davenport and sofa; now the split is beween sofa and couch. The graveyard was replaced by the cemetery. which is now prettified as the me-morial park. People who used to

Court in Zurich

Sentences 'Artist'

The Associated Press ZURICH - A man who decorated Zurich walls with 1,500 pictures and designs in a two-year spray-painting spree was sentenced to nine months in jail for defacing

property.

The appeals court Friday upheld an earlier conviction, increasing the previous six-month suspended sentence against 41-year-old Harald Naegeli because he was unre-

pentant. It also confirmed an earlier order that Mr. Naegeli pay 101,534 francs (\$49,771) - to absorb part of the cost of cleaning up his artis-

ANNOUNCEMENTS

people who said record player; now they in turn are looked down upon by those who say turntable. Cock your ear: When was the last time you heard a young, rich-affluent-wealthy type use the phrase railroad station? Upper-class use is

When the moral of the story is the bottom line, the fact of the marter becomes the reality of the situation. You like raw vegetables? I'll take crudités. You read the Bible? I study Scriptures. Are you carrying a watch in your briefcase to give as a present? I'm carrying a timepiece in my attache case to give as a gift.

Here is what is happening around the house: MINUS PLUS slove oven socket fixture coffee table cocktail table aquarium fish tank wall system

row house Outside, what used to be the bushes are the shrubs. Now step into the kitchen:

coffeepot coffee maker washer washing machine dishwiper

Poke your head in the closet: bathrobe hostess gown trunks running shoes pocketbook handbag stockings hose

Sometimes the switch to classiness is an advertising cuphemism, as in the change from costume jewelry to fashion jewelry, or, loosely, from girdle to cootrol-top panty hose. Often the switch is simply to get away from the familiar: rouge becomes hlusher, perfume - even perfume - becomes fragrance. (Perfume is for the poor.) Pimples are out; hlemishes

In religion, the upper crust takes saved and turns it into born again; the Holy Rollers are now charismatics. Pride goeth before a huhris, and if Emerson were writing his essay today, "On Friendship" would be "On Relation-

ships."
What is dirty to the seedy is adult to the preppie; what is a pinky to the plain is a little finger to the handsome; what gets Out people mad gets In people hostile. And if your boss threatens to fire you, put him down with "You can't outplace me - I quit!" New York Times Service

The Ultimate Two-Career Marriage

Couple Redefines 'Diplomacy'

By Lynn Rosellini

New York Times Serve WASHINGTON — He gets

the Hindu cloth painting. She gets the Persian miniatures. He gets the two Lhasa Apso dogs. She gets the textiles from

They will divide the Persian rugs and the Mozart and Haydn records between them, hus he gets most of the Burpee seed packets she ordered for the garden. And that leaves the touchy question of the Christmas decorations. "After all," Jane Cooo observed, "we'll each want a Christmas tree in our residence."

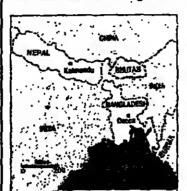
It has been like this ever since Jane and Carlton Coon decided to split up, in a manner of speakng. "Will the dogs be happier in Katmandu?" they ask each other. Can one grow tomatoes in Dacca? Can a good marriage withstand having two ambassadors in the family?

Together but Apart

It is oot the Coons' marriage that is breaking up, just their living arrangements. In a few weeks Jane A. Coon is expected to take up her new post as U.S. ambassador in Dacca, Bangladesh, At about the same time Carleton S. Coon Jr. is to assume his assignment as ambassador in Katman-

If this sounds like an odd way to run a marriage, listen:

He: "One argument is, absence makes the heart grow fonder. It may solidify the relationship. You take each other for granted



The New York Times

when you're together all the time. I think it's going to be all right." She: "It's not going to be ideal, but I know I'd be awful hard to

live with if I was unemployed." Mrs. Coon, who is 52 and has short salt-and-pepper hair and the kind of warm, sympathetic smile that makes you want to tell her your life story, talks in her State Department office, where she is deputy assistant secretary for Near Eastern and South Asian affairs. Her 54-year old hushand was interviewed by telephooe while visiting relatives in New Hampshire after the death of his father, the noted anthropologist. Together but apart, the Coons told the story of the ultimate two-career family.

They are not the first U.S. married couple to serve simultaneously as ambassadors. Carol C. Laise, a career officer, and her husband, Ellsworth Bunker, did it in the late 1960s; she was assigned to Nepal and he, a political appointee and an ambassador at large, was later sent to South Vietnam, which was then at war. But the Coons are the first married career Foreign Service officers to rise together to ambassadoriai rank.

Carleton Coon Jr., fresb out of Harvard, joined the Foreign Service in 1949 and served in West Germany, Syria, Iodia, Iran, Nepal and Morocco, Jane S. Abell, a Wooster College graduate, appeared to have an equally promising career when she joined the service in 1951, serving in Pakistan and Iodia.

When she and Coon were married in 1968 - they had become friendly while both were assigned to Washington - her career came to a halt. According to State Department regulations then in effect, male Foreign Service officers could marry, hut female officers could not. When I asked her to marry me, I knew that was the price she would have to pay," Coon said. "We felt at the time it was a pretty stiff price."

So while he continued his climh up the diplomatic ladder, she set about rearing his six children, aged 4 to 16, whose mother had died of cancer in 1967.

"I found it at least as challeng-

CLASSIFIED ADVERTISEMENTS



Ambassadors Carleton S. Coon Jr. and Jane Coon.

ing and rewarding as my Foreign Service career," she said. "I gained a whole new dimension in terms of interpersonal relations." That's a dreadful term," she cootinued. "But I guess during my career years I had been stretched mtellectually. During my child-raising years I grew

An Eye-Opening Experience

The experience was an eyeopener in other respects. As a Foreign Service wife, traveling with her husband to posts in Nepal and Morocco, Mrs. Coon noticed that people treated her differently than when she was a political officer. At diplomatic receptions she was shunted off to

the "women's end of the room." In 1976, after the State Department revised its policy on marriage, Mrs. Coon rejoined the Foreign Service and moved quickly through the ranks. The post she is leaving, deputy assistant secretary, outranks that of her hushand - he was director for Algeria, Lihya, Morocco and Tunisia — though his longevity has earned him a higher Foreign Service officer rating (FSO 1, \$50,000) than hers (FSO 2 st the

Cooo has served in recent months as liaison to Robert G. Neumann, newly appointed am-bassador to Saudi Arabia, who

same salary).

helped direct the Reagan State Department transition team. When it came time to assign the embassies, the Coons got their wish to go to almost-adjoining countries. While neither Nepal nor Bangladesh is considered in the first rank among diplomatic posts, Bangladesh, an impoverished nation beset by political instability — its president, Ziaur Rahman, was assassinated late last month — is viewed as the more important assignment of the two.

Communication between the mountaintop (Katmandu) and the river delta (Dacca), about 500 difficult miles apart, will not be all that easy.
"When I was in the Foreign

Service and Jane wasn't," Coon said, "I confided in her a great deal and got a lot of useful advice. Then when she was first put on the firing line as country offi-cer for Pakistan, I performed somewhat the same function for

Now such shop talk will be next to impossible. "I doubt whether the State Department lines were set up for us regaling each other in extenso with private stories," he said. "It takes about three days to get a call in to Katmandu." Said his wife: There are a couple of direct flights a week between Dacca and Katmandu. I think it takes about two hours. We hope to get together once a month."

PEOPLE: N.Y. Mayor Strikes Back At Fleet Street Criticism

ed, after laughter from the audience: "He said he only wants to be New York Mayor Edward I. Koch, castigated in the British remembered for his work." Bronze press for having quoted a conver-sation in New York with Prince for the hust came from the USS Nautilus, the first U.S. nuclear-Charles about Northern Ireland, powered submarine. On the pedeslohbed a volley across the Atlantic tal below the bust is a hronze plaat the British government and Fleet Street. Koch said the British que that reads, "Hyman G. Rickover, Admiral, U.S. Navy, Father of the Nuclear Navy." Rickover, a 1922 graduate of the academy, was assigned in 1945 to the Manhattan were "a little crazy -- not the people - the government." British newspapers criticized him for telling reporters that Prince Charles Project, which developed the atomic bomh. He later served for more had a "halanced" view of the Northern Ireland situation, exthan a decade in the Navy's Bupressing sympathy for Irish Cathoreau of Ships and the U.S. Atomic Biergy Commission. He was placed on the Navy's retired list in lies as well as showing an under-standing of the Protestant majority's view. The mayor said a repre-sentative of the British government had asked him to request that ra-1964, but has remained in the fore-front of development of the Navy's nuclear-powered fleet. dio stations and newspapers not use his statements on the conversation. Koch referred to British ac-Two of the nine Marine security tions in Northern Ireland as "abominations," but added that he understood that Prince Charles had no role in government policy. Of Fleet Street, the mayor said,

guards who were held hostage at the U.S. Embassy in Iran are now guarding U.S. embassies in Fin-land and Indonesia, Marine Corp. officials report. Marine Lt. Joan Schilling said Sgt. Gregory Persinger, 23, started work at the em-"The British press prefers hypocrites to people who tell the truth." bassy in Jakarta on June 11, and Sgt. James Lopez, 23, assumed his embassy guard post in Helsinki in late May. Persinger had been a guard at the U.S. Embassy in 1979. The London Sun, accusing Koch of "exploiting the tragedy of Ire-land," said he "would be better off solving the horrifying problems of violence and squalor in New York Tehran from August, 1979, until the embassy takeover on Nov. 4, 1979. Lopez had been with the em-Rex Harrison admits that, at age bassy guard in Iran less than a 73, he is thinking of the day when he takes his "final curtain call" month when the mission was seized by Moslem militants. They but before that happens, there are five more plays he'd like to be in. Harrison, in Boston with his tourwere given the opening of their choice. I'm not aware of what their desires were in choosing thos ing company of the revival of "My Fair Lady," said he wants to do, posts, but I know Persinger had a ways wanted Indonesia." Schillit possibly for cable television, Shaw's "Heartbreak House,"

> extremes. The New Zealand explorer, who won world fame and knighthood in 1953 when be and a Sherps guide became the first men to scale Mount Everest, now has his sights set on a descent of 6,000 feet (1,820 meters) into one of the world's deepest silver mines. O. July 18, Sir Edmund, 62, and Joh Roskelley, a mountain climbs from Spokane, Wash, will descend into the No. 10 shaft at the Snnshine Silver Mine in Kellogg Idaho. The shaft ends at 3,300 fer below sea level; the summit c Mount Everest is 29,141 feet in the opposite direction. Roskelley plan to climb Everest's unconquered east face this fall, and Sir Edmun will appear at a fund-raiser fc Roskelley's expedition. The tw will take an elevator part of ti way down the shaft and walk t rest of the way.

Sir Edward Hillary is going to

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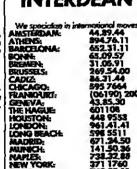
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over the unveiling in place of the admiral. "He said, No." She add-

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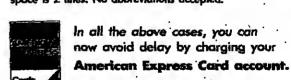
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